Pekabex

Management

on the activities of the Pekabex Group for 2024

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Contents

Pekabex

The Pekabex Group in 2024

Pekabex is an international company: a leading manufacturer of prefabricated structures, general contractor and developer with extensive experience in design, production, assembly and comprehensive construction and investment services.

23%
revenue from export

PLN **1,728** million
revenue from sales

PLN 96 million
EBITDA

PLN **1,713** million
order portfolio

25,000 m²
usable residential area under construction in the development segment

423
completed contracts

PLN **28** million
capital expenditure

Winner of the “Forbes Diamonds 2024” ranking
Forbes Diamonds 2024 is the 16th edition of this ranking. Each time, the winners are selected from among the companies that have filed their financial statements with the National Court Register or sent them directly to the editor. Factors such as financial results from 2018 to 2022, asset value, payment history, payment reliability and the absence of adverse legal events are taken into account. In the end, Forbes Diamonds are awarded to companies with a positive financial result and a cooperation risk index higher than 4, calculated according to the criteria of Dun & Bradstreet, a company co-creating the ranking with Forbes.

Star of ‘Builder’ Ranking 2024
The Pekabex Capital Group has been awarded the title of “Star of ‘Builder’ Ranking” for achieving the highest revenue among manufacturers in the Wielkopolska region.
The “Builder” ranking is a renowned list that brings together the largest companies.

Letter from the President of Pekabex S.A.

Dear All,

The year 2024 brought numerous challenges for the construction industry in Poland and Europe, but also many opportunities that the Group sought to exploit. High inflation, expensive access to financing, a limited number of contracts and rising material and labour prices are just some of the factors affecting the market. In addition, uncertainties related to geopolitical tensions and the delayed inflow of funds from the National Recovery Plan required us to be flexible and determined. In these conditions, the Pekabex Group has not only remained stable, but has generated revenue of more than PLN 1.7 billion, while achieving a net profit of around PLN 41 million – confirming the strength of our business model and our ability to adapt quickly to change. The order portfolio at the end of the year reached a record high of more than PLN 1.7 billion, of which a significant part – more than PLN 1.3 billion – are contracts scheduled for completion as early as 2025.

In 2024, we completed as many as 423 construction contracts, including 84 outside the country. One of the most important projects was the delivery of prefabricated elements for the Baltic Towers in Gdańsk – one of the largest investments of last year and a key development for the offshore sector in Poland. Our realisations were characterised by a high level of technical sophistication and responded to the needs of the most demanding customers in the country and Europe. The strategy of building a stronger presence outside Poland is also yielding tangible results. Foreign revenue accounted for more than 20% of the Group's turnover in 2024, and the rapidly growing business in Germany makes it possible to assume significantly higher levels in the following years. The year 2024 also marks a breakthrough in the area of sustainability. For the first time, we are reporting our activities according to ESRS standards, presenting a full picture of our environmental, social and corporate governance commitment. We are developing climate-friendly initiatives – from measuring the carbon footprint of structures to photovoltaic installations to preparing for the use of low-carbon cement.

Today, Pekabex is not just a manufacturer of prefabricated elements – it is a comprehensive partner that offers turnkey solutions under the "design and build" formula. With state-of-the-art production facilities and a team of experts, we provide our customers with the highest quality, timeliness and cost transparency. Our foundation remains manufacturing and warehouse construction, but we are also dynamically developing the residential segment – both through Pekabex Development and the start-up P.Homes. We are currently developing more than 25,000 m² of usable area of flats, and our prefabricated system solutions are gaining recognition both in Poland and abroad. In this segment, we are continuing our ambitious vision of building 10,000 flats and houses per year. With the development of the new line at the Mszczonów plant, we are close to achieving these capabilities without the need for material additional capital expenditure. Prefabrication is the future of construction – efficiency, speed and a favourable cost / quality ratio, responding to the real needs of cities and society.

We look to the future with conviction. We believe that the temporary slowdown in the construction industry will give way to a new wave of investment – and the Pekabex Group is ready to make the most of these opportunities. Our advantage is our integrated business model, which combines prefabrication, general contracting and property development activities, allowing for a comprehensive turnkey project. We have state-of-the-art production facilities at key locations, and our team's advanced process automation and know-how translate into high quality, operational efficiency and predictable execution.

We are also optimistic about the impact that the mobilisation of funds from the National Recovery Plan can have. We hope that its impact will be particularly evident in the second half of 2025 and in 2026, and will provide a boost to investment and construction activity. We believe that prefabrication is the future of construction – especially with the shortage of skilled labour and the growing need to accelerate housing developments nationally and in Europe. We are convinced that prefabrication is not only a technology, but also a comprehensive answer to the needs of modern cities.

I would like to thank our Shareholders, Customers, Business Partners and the entire Pekabex team – Employees and Managers – for their trust, commitment and determination during this challenging year.

Feel free to read the Management Report on the activities of the Pekabex Group for 2024.

Kind regards,

Robert Jędrzejowski

President of the Management Board of Pekabex S.A.

1. Basic information about the Company and the Pekabex S.A. Capital Group

1.1. General information

The parent company of the Poznańska Korporacja Budowlana Pekabex S.A. Capital Group ("Capital Group", "Group") is PKB Pekabex S.A. ("Pekabex", "Company", "Parent Company", "Issuer"). The Company's Management Board prepares the Management Report on the activities of the Capital Group for 2024 together with the Management Report on the activities of the Parent Company as a single report in accordance with Article 55 (2a) of the Accounting Act of 29 September 1994 (as amended). This report contains a statement of the activities of the Group together with a statement of the activities of the Parent Company, drawn up as a single document together with a statement on corporate governance, a statement on non-financial data and other information. Apart from the cases where it was clearly indicated that the data presented concerns only Poznańska Korporacja Budowlana Pekabex S.A., it applies both to the Capital Group and the Company.

The parent company Poznańska Korporacja Budowlana Pekabex S.A. was established in 1972 as Poznański Kombinat Budowy Domów (the Poznań House Building Combined Collective). In 1991, it was transformed into a company wholly owned by the State Treasury, operating under the name of Poznańska Korporacja Budowlana Pekabex S.A. On 30 December 1991, the Company was registered in section "B" of the Commercial Register maintained by the District Court in Poznań, 11th Commercial and Registration Department, under number RHB 6548.

On 29 April 2002, the Company was entered into the Register of Entrepreneurs of the National Court Register maintained by the District Court for Poznań-Nowe Miasto and Wilda in Poznań, 8th Commercial Division of the National Court Register, under KRS number 000010109717. The Company was assigned the following REGON identification number: 630007106. The Company's headquarters are located in Poznań at ul. Szarych Szeregów 27.

The Company is the owner or perpetual usufructuary of real estate that it rents or leases (as a whole or in part) mainly to the Group companies for the purpose of their business activities.

The bodies of the Company are: the Management Board, the Supervisory Board and the General Meeting of Shareholders.
Changes to the composition of the bodies are described in the consolidated financial statements for the year ended 31 December 2024 in the general information note.

1.1.1. Composition of the Company's Management Board as at 31 December 2024

Robert Jędrzejowski – President of the Management Board

Graduated from the Maria Curie-Skłodowska University in Lublin, obtaining a master's degree in law from the Faculty of Law and Administration in 1996. Since 1994, he has held a securities broker licence, and in 2011 he was granted a receivership licence. Since the beginning of his career, he has been involved in the capital and banking markets. He gained experience working at the brokerage houses BPH and Raiffeisen and then in the international team of the ABN AMRO Bank. After moving to ABN AMRO Securities, he held the position of member of the management board and was, among other things, directly responsible for the preparation and handling of private equity transactions. Since 2002, he has been involved with the Sovereign Capital S.A. fund as its co-founder and President of the Management Board, and as a member of the governing bodies of individual portfolio companies of Sovereign Capital. He has overseen the implementation of a number of projects, engaging, in particular in complex restructuring transactions requiring a combination of experience in both business as well as finance, commercial and insolvency law. Among other things, he used his experience by acting as Chairman of the Wittchen Supervisory Board, supporting the management board in the company's transformation process. Since 2007, he has been involved in supporting Pekabex S.A., holding the position of a member of the Management Board of Pekabex S.A., and since 2015 he has been the President of the Management Board. Together with the Team, he has transformed Pekabex from a company in bankruptcy to a construction and modular market leader with European ambitions. Responsible for the strategy and management of the Group.

Beata Żaczek – Vice-President of the Management Board of Pekabex S.A.

Graduated from the Kozminski University, majoring in marketing and management, with a specialisation in finance and accounting; she also completed postgraduate studies in financial management at the aforementioned university. She completed a management programme at the University of California, USA. Member of the Executive Education Advisory Board of Kozminski University and of the Executive Board of Poznań University of Economics and Business. She gained her knowledge and experience while working for multinational corporations in the construction, property management, automotive and marketing and advertising industries in finance-related positions, initially as Financial Controller and later as Finance Director and Member of the Management Board. She has expertise in the field of finance, controlling, accounting, taxes, corporate law, as well as IT tools supporting analysis and reporting. She started her career at Hydrobudowa-6 S.A. (Bilfinger Berger group). Since 2009, she has been working for the Pekabex Group, first as a Member of the Supervisory Board and then as a Finance Director / Member of the Management Board / CFO in the Pekabex Group. Vice-President of the Management Board of Pekabex S.A. since 2015. Responsible for finance and accounting, controlling, administration, IT, legal and personnel matters.

Tomasz Seremet – Vice-President of the Management Board of Pekabex S.A.

Graduate from the Faculty of Civil Engineering, Architecture and Environmental Engineering at the Poznań University of Technology, majoring in Civil Engineering, with a Master of Science in Engineering degree in the field of construction and engineering structures. In addition, he has an unlimited building licence in designing and managing construction work within the scope of civil engineering and construction, as well as a Chartered Engineer of Engineers Ireland (CEng MIEI) certificate. He started his career as a design assistant at the Pekabex S.A. Design Office between 1999 and 2000. Between 2000 and 2005 he worked in the Projekta sp. z o.o. Engineering Office, which belongs to the Dutch group Bartels Engineering BV. He has been working for the Pekabex Group since 2010. Since 2014, he has been a Member of the Management Board of Pekabex Bet, and in 2020 he was appointed as a Member of the Management Board of Pekabex S.A. Within the Group, he is responsible for sales strategy and design in the area of prefabrication and general contracting, as well as the execution of contracts in the area of general contracting.

Residential buildings, Am Tacheles, Berlin

1.1.2. Composition of the Company's Supervisory Board as at 31 December 2024

Piotr Taracha – Chairman of the Supervisory Board

Graduate of the Catholic University of Lublin. In 1993, he graduated from the Faculty of Law with a master's degree in law. In 2001, he completed the MBA Programme at the Kozminski University. He lectured at the Department of Civil Law at the Catholic University of Lublin. Chairman of the Supervisory Board at AUTO-EURO S.A. and the Vice-Chairman of the Supervisory Board at Zakłady Przemysłu Ziemniaczanego "Lublin" sp. z o.o. Since 2003, Piotr Taracha has been the President of the Management Board of Intrograf Lublin S.A. The Member of the Supervisory Board meets the statutory criteria for independence.

Maciej Grabski – Vice-Chairman of the Supervisory Board

Graduate of the Faculty of Law at the Catholic University of Lublin in Lublin. He was an investor and co-founder of the Wirtualna Polska website. Maciej Grabski has been a Member of the Supervisory Board of the company since March 2007. He implemented the "Olivia Business Centre" investment – the place of activity of many Polish and international companies with an established market position and a valued reputation.

Bartłomiej Pawlak – Member of the Supervisory Board

Graduate of the University of Warsaw, Executive Studies in Finance at the Warsaw School of Economics, Advanced Management Program at IESE Business School and Advanced Investment Program at Stanford University. Fellow of the Herbert Hoover Institute and the Woodrow Wilson Center for Scholars. Manager with 30 years' experience in the financial, consulting and public sectors. Co-founder and former Vice-President and CFO of the Polish Development Fund (Polski Fundusz Rozwoju – PFR) responsible for the Green Hub Programme – PFR's energy transformation strategy, the Municipal Fund and the COVID-19 Business Shield implemented by PFR. Previously, as vice-president of BGK Nieruchomości, he was responsible for the acquisition of investment projects. As president of BOŚ Eko Profit S.A., an investment company operating in the area of renewable energy sources, he created tools for comprehensive investment support for clients based on one-stop-shop principles. Between 2007 and 2008, he worked with PKO BP S.A. Group, where he was responsible for restructuring and creating a new operational management model, and between 2005 and 2006 with PGNiG S.A., where he initiated a project to build a liquefied natural gas (LNG) terminal and implemented a strategy to consolidate commercial activities. He was also a manager at international consulting firms (Arthur Andersen and Ernst & Young), where he was responsible for implementing services for Polish entrepreneurs. Promoter of new technologies and the Venture Capital market. The Member of the Supervisory Board meets the statutory criteria for independence.

Piotr Cyburt – Chairman of the Audit Committee of the Supervisory Board, Member of the Supervisory Board

Graduate of the SGH Warsaw School of Economics (formerly SGPiS). He graduated in 1980 with a Master of Science in Economics. In 1987, he obtained the title of Doctor of Economic Sciences at Instytut Gospodarki Narodowej (Institute of National Economy), a scholar of, among others, Georgetown University and Harvard University, a researcher at Instytut Gospodarki Narodowej. He has many years of experience in banking and real estate financing, gained in the largest financial institutions on the Polish market. Between 1995 and 1998, he was Vice-President of the Management Board of Polski Bank Rozwoju. From 1992 to 1995, he worked in managerial positions at PBK S.A., including from 1993 as a Member of its Management Board and Director of the Bank. Member of the supervisory boards of many commercial law companies, including the Warsaw Stock Exchange. Chairman of the Management Board of mBank Hipoteczny between 1999 and 2022. He was managing is since its creation for almost 23 years. From 2008 to 2022, he was a Member of the Council of the Polish Bank Association and from 2019 to 2022, he chaired the Audit Committee of that Council. Since 2002, he has also been a Member of the Supervisory Board of Hochtief Polska S.A., and since 2004 – a Member of the Supervisory Board of BRE Locum / currently Art Locum S.A. In February 2022, he was elected chairman of the ESG Committee at the Polish Bank Association. Piotr Cyburt has been a Member of the Supervisory Board of the Company since April 2016. The Member of the Supervisory Board meets the statutory criteria for independence.

Stefan Grabski – Member of the Supervisory Board

He graduated from the Gdańsk University of Technology (Faculty of General Civil Engineering) in 1974, with a design engineer degree. In 1967, he acquired the qualifications of a marine equipment technologist at the "Conradinum" Vocational School and began working as a technician in Przedsiębiorstwo Instalacji Przemysłowych in Gdańsk. Until 1980, he worked for Instal in Gdańsk, most recently as the Construction Team Manager. For several years, he was leading the so-called Commissioning Group, which dealt with commissioning of technological installations in industrial facilities in northern Poland. Since 1989 he has been running his own business under the name AutoEuro Stefan Grabski, renting out his own facilities, providing technical consultancy and running car washes. In 1998 he was elected to the Gdańsk City Council, where he held the position of Vice-Chairman. At the same time, he was the Chairman of the Ad Hoc Committee for Trade, Craft and Services. Between 2006 and 2010 he was the Chairman of the Audit Committee. Moreover, since 2002, he has been a member of supervisory and management bodies of commercial law companies, for example, since 2004, he has been a member of the Supervisory Board of "Centrum Nowoczesnych Technologii" Spółka Akcyjna.

Jacob Samuel Jephcott – Member of the Supervisory Board

Graduated with a degree in media, communications and design at the South Warwickshire University and has worked for a number of global institutions including The Royal Shakespeare Company, American Express and Sitel Global. Since moving to Poland in 2002, he has provided independent advice to companies integrating from the UK and US into Poland. Since 2009, he has coordinated the development of Polish technology start-ups for the UK market and successfully led sales in the area of technology procurement for local authorities and corporations. In 2011, he joined the Olivia Business Centre project in Gdańsk, which became the largest office development in Central and Eastern Europe, winning numerous awards and hosting some of the world's most recognisable brands. In its cooperation with Olivia Business Centre, it focuses on attracting business to the Gdańsk agglomeration, coordinating the activities of local authorities, academia, investment authorities and real estate agents. As a key figure in the Olivia Business Centre, together with the CEO, Maciej Grabski, he implemented many of the solutions that made it a pioneering project. In 2017, he began working with Pekabex using his network to source projects in Poland and Germany and was involved at various levels of business development to secure contracts. He has participated as a jury member in prestigious awards in Central and Eastern Europe and has appeared as a speaker and panellist at leading real estate conferences such as GRI, MIPIM and Expo Real.

Lesław Kula – Member of the Supervisory Board

Master's degree from the Faculty of Law and Administration at Warsaw University, and Master's degree from the Faculty of History at Warsaw University, lawyer. After graduating, he worked as scientific secretary at the Centre for Documentation and Social Studies, publicist and editor at the NOVUM Publishing Institute, and as director at the SONOR Publishing Institute, and later as director and editor-in-chief of the POLONIA Publishing House. He worked in other managerial positions, among others, as President of the Management Board of Polartis S.A. and EMIASTA.PL S.A. He has held various positions in supervisory boards in state-owned, public and private companies. Since 2002, he has worked, among others, as a lecturer at

Wszechnica Polska University in Warsaw, and since 2003 he has also been a member of the University Senate. He cooperated with the Warsaw Voivode, among others as a liquidator in WFTS POLLENA PP, in the years 1994-2007 he was a receiver and court supervisor in the Warsaw Commercial Court, and from 2000 to 2008 he cooperated with the Ministry of the Treasury in the field of promotion and privatisation of State Treasury companies. The President of the Management Board of Varena Group sp. z o.o. of many years, which provides business entities with advisory and comprehensive legal services. Lesław Kula participated in the Course for Advisers to Indebted Enterprises organised by the Development Law Institute Rome-London. Member of the Supervisory Board of the company since July 2019. He runs a law office in Warsaw. The Member of the Supervisory Board meets the statutory criteria for independence.

1.2. Business model description

The Pekabex Group is one of the largest construction groups in Central and Eastern Europe as well as the largest and most experienced manufacturer of concrete prefabricated elements. The Pekabex Group has six production sites: five in Poland and one in Germany. The Group's structure includes a branch in Germany, owned by Pekabex Pref, and branches in Sweden and Denmark, owned by Pekabex Bet. Contracts are executed primarily in Poland, Germany, Sweden and Denmark, while production services are provided in Poland and Germany. Residential development projects, carried out as the Group's own investments, are carried out in Poland and Germany. The Pekabex Group also includes a company under Swedish and German law carrying out projects as a general contractor and a special purpose company under German law dedicated to residential development projects, as well as a company under UK law dedicated to supply and assembly construction contracts. At present, the Pekabex Group's activities are focused on three main business lines: the construction of prefabricated structures, the implementation of projects as the general contractor and real estate development activities.

1.2.1. Prefabrication

The main activity of the Group is the production of elements of modern construction systems: reinforced and prestressed concrete prefabricated elements. The Group's products are used in the construction and erection of industrial, commercial, residential, office, infrastructure and energy facilities, car parks, stadiums and unusual projects (e.g. individually designed and manufactured tanks, prefabricated shells, tunnel and bridge elements, stair flights). Prefabricated elements, due to the production technology and the possibility of maximum use of material parameters, are competitive with other materials and technologies used on the Polish and foreign markets. The biggest advantage of prefabrication are the possibilities of automating production, shorter contract execution times and fewer workers on construction sites, which improves safety. Prefabrication technology also makes it possible to increase the usable residential area by up to 5-7% compared with the same project using traditional technologies. In addition, prestressing concrete reduces cross-sections of structural elements, which translates into cheaper transport and assembly, and thus attractive selling prices. The sustainable construction aspect of prefabrication technology is also important. The production of prefabricated elements within the Group is handled by Pekabex Bet, Kokoszki Prefabrykacja and FTO Fertigteilwerk Obermain GmbH.

The production of elements takes place at the Group's sites (one in Germany and five in Poland), including in Gdańsk, which is one of the most modern prefabricated element plants in Europe. It enables the fully automated production of Filigran floor slabs, double Filigran walls and solid walls. The prefabricated structures manufactured by the Group, thanks to the use of modern technical and technological solutions, are of very high quality. They achieve very high performance in terms of, for example, load-bearing capacity and span.

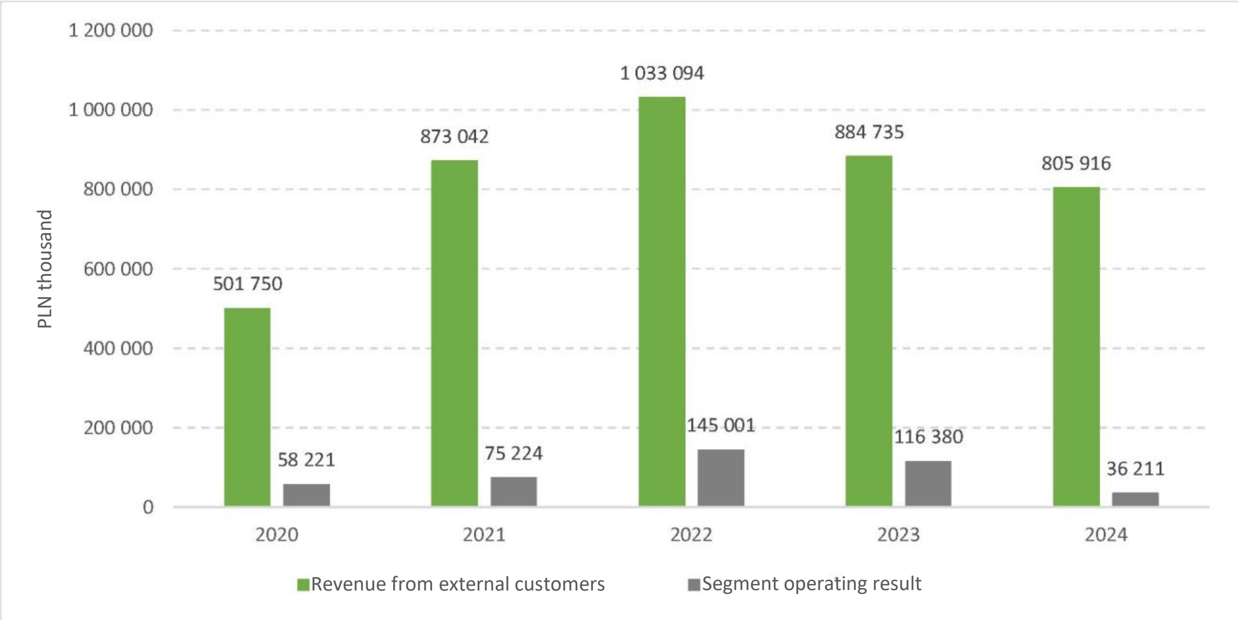
An important feature of prefabrication is the high fire resistance with a rating of up to R240, which makes it possible to abandon the use of protective coatings or built-in elements. Concrete prefabricated structures have a significantly higher fire resistance than steel structures. During a fire, where the temperature can exceed 700°C, the strength of the steel decreases so much that the beams made of it bend strongly and are unable to carry even the weight of the ceiling, losing their load-bearing capacity. Concrete is a non-combustible material that protects steel reinforcing bars well against heat, thus making concrete prefabricated structures safer to use and allowing them to retain their load-bearing capacity in high-temperature conditions. This is essential for the stability of the entire building, which translates into the ability to carry out a safe evacuation of people and the efficient work of the emergency services, as well as limiting the scale of damage and the spread of the fire. The quality characteristics of the elements mean that concrete prefabricated structures are even used in the construction of large-scale halls in industries such as oil and gas.

Of particular relevance in the context of climate change are also the harsh environmental conditions to which buildings may be exposed as a result of increasingly extreme weather events such as heavy rain, intense snowfall, gusty winds and large temperature amplitudes. Resistance to harsh climatic conditions is also an important feature of buildings made of concrete prefabricated elements.

As part of expanding the use of prefabrication in the construction industry, the Group is also developing its activities within the P.HOMES project, which offers comprehensive construction of single-family system houses in development and turnkey

condition. P.HOMES houses are distinguished by the strength and quality of their construction, as well as their modern style and convenience solutions. A major advantage of system houses is also the shorter construction time and the lower consumption of materials and energy during its construction, which fits in with the idea of sustainable construction.
The Group's factories have begun to implement the principles of sustainable development, which is part of a wave of global changes, particularly in the European Union economy, aimed at significantly reducing energy consumption, greenhouse gas emissions and a circular economy. The construction industry sector plays a key role in the decarbonisation of the economy, which is why its activities in this area are multi-directional.

The chart below shows revenue from the execution of contracts – prefabrication segment from 2018 to 2024 (PLN thousand)



1.2.2. General contracting for investments

The second business line of the Group is the provision of general contracting for investments. This line is a very important part of the Pekabex Group's value chain. Projects carried out under this formula use prefabricated concrete structures manufactured at the Group's plants. A large number of projects are also implemented under the "design and build" model, where the scope of work includes not only the execution of the investment as a general contractor, but also the design phase preceded by an analysis of the investor's needs. Thanks to the provision of general contractor services, the Group not only provides its contractors with high-quality prefabricated elements, but also with comprehensive solutions, through the complete execution of construction projects. The team of the General Contracting Department consists, among others, of engineers and designers from all construction industries who comprehensively support investors at different stages of the investment, in terms of both formal and legal services, and indicating economical technical solutions. They:

- analyse soil conditions and choose the best method of foundation,
- design and deliver optimised structures: as the market leader in reinforced concrete and prestressed concrete prefabricated elements, they select the right skeleton to eliminate costly substructures for the elevation, roof and installations,
- propose optimal solutions for sanitary and electrical installations,
- perform all works comprehensively: design and execution,
- take care of the aesthetic appearance of the facility and its immediate surroundings.

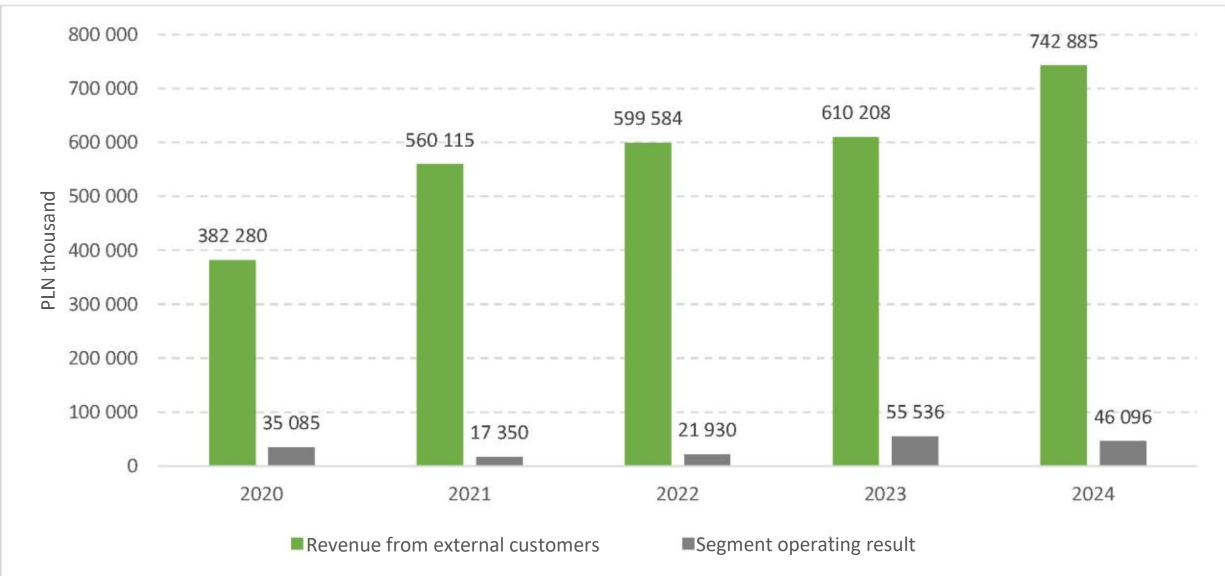
The main area of work of the General Contracting Department of Pekabex is large-volume construction and residential construction. These two segments of the Polish construction market were developing very dynamically in recent years.

In response to the growing demand for warehousing and logistics halls, the Group has developed the "Pekabex® Hall System", which incorporates state-of-the-art construction solutions that are protected by law and that offer customers the optimum combination of the lowest possible price, quality, utility value and speed of erection. The "Pekabex® Hall System" is also part of the growing customer interest in sustainable construction. Thanks to the technological concepts used, the structures of buildings constructed using the "Pekabex® Hall System" have a limited carbon footprint, and additionally a high load-bearing capacity of the roof surfaces that enables the installation of photovoltaic panels producing green energy. The Group also offers BREEAM and LEED certification, in line with the European trend of promoting green construction and minimising negative impacts on the environment. In addition, prefabricated panels are particularly resistant to corrosion or fire, making them durable and safe. As a result, the expenses associated with insuring halls are lower than when buying a policy for buildings constructed of steel. Maintenance or operating costs for reinforced concrete buildings are also lower: the lower roof cross-section reduces heating expenses and the greater strength of the prefabricated elements eliminates the need for snow clearance. In addition, the lifespan of reinforced concrete is estimated at 50 years, while that of steel is only 2-15 years. The Group cooperated in the area of general contracting of buildings with the largest investors in warehouse and logistics parks in Central and Eastern Europe, such as MLP, Prologis, Panattoni, 7R or CTP.

Housing construction is the second very significant area of activity of the Pekabex Group's General Contracting Department. In the long term, the Polish housing market will see further growth due to the continuing shortage of residential premises. In addition, modern prefabrication solutions are the future of the construction market, including housing construction. Industry experts predict that interest in this construction technology will grow. In response to market demand, the Group has developed a technological solution, the "Pekabex® Residential Buildings System", which makes it possible to construct buildings that are not only comfortable for their inhabitants, but also architecturally interesting in a quick, safe and economical manner. An important aspect of the "Pekabex® Residential Buildings System", which is gaining increasing importance, is the idea of sustainable construction. Buildings constructed using this technology have better thermal and sound insulation parameters and, thanks to the innovative construction technology, the operation and use of resources is more efficient, which minimises the impact of construction on the environment. The Group carried out a project for the construction of a housing estate in Toruń at Okólna Street as a general contractor. This was the first real estate project within the framework of the governmental housing programme to be built using prefabrication technology. In addition to this investment, the Group also completed the construction of residential buildings in Włocławek for Miejskie Budownictwo Mieszkaniowe sp. z o.o., as well as residential facilities for private investors such as Trei Real Estate, and dormitory-type facilities (the last two completed in Warsaw).

The wide offer of the General Contracting Department in the scope of completion of logistics, warehouse, production, office, commercial and residential buildings, with the use of modern prefabrication technology, is addressed to demanding investors. This is why the Group applies an individual approach to each project, so that the completed building is tailored to the wishes and needs of the user while keeping the construction process as short as possible, and maintaining high quality. An in-house design office, prefabrication production at Pekabex factories, general contracting and a broad, professional staff base are all factors that guarantee the investor a comprehensive service for virtually any investment.

The chart below presents revenue from the segment execution of contracts – construction services (business line – general contracting services) in the years 2020-2024 (PLN thousand)



1.2.3. Development activity

As part of its activities, the Pekabex Group also carries out real estate development projects on its own account under the brand name “Pekabex Development”. This is the third business line developed by the Group. It includes special purpose vehicles conducting real estate development activities which use their constantly expanding competences to carry out investments starting from the acquisition of real estate, through construction of facilities and financing to their commercialisation. As part of its activities, Pekabex Development offers flats, holiday suites, single-family terraced houses, commercial premises as well as hotel and rehabilitation facilities. A detailed description of the ongoing projects is presented in chapter 4.2 of this report.

The competitive advantages of using prefabricated components in housing construction include, above all: shorter investment execution time than in the case of traditional construction (buildings made of prefabricated elements are ready for use in up to half the time it takes to complete a building using traditional technology), and the possibility of achieving approx. 5-7% more usable residential area on the same plot surface. An in-house design office, the production of prefabricated components at Pekabex plants, general contracting services, and a broad, professional staff base are all factors that guarantee the investor comprehensive execution of virtually any investment.

In addition, the sustainable aspect of construction is becoming increasingly important. The Pekabex® Residential Buildings System minimises waste on the construction site. Structural components are manufactured under controlled conditions in the factory, allowing optimum use of materials. Prefabricated elements are designed with energy efficiency in mind. Full control over the production process allows for the precise application of thermal insulation and other solutions to improve the energy efficiency of buildings. This in turn has a positive impact on running costs and lifetime energy consumption. The Group’s projects are created from scratch, right from the conception stage of the construction of the buildings, through the production of the individual components in the factory to the assembly process on the construction site, the Group has its own testing centres and an internal quality verification system, which allows it to deliver a high level of comfort in the premises. Prefabrication makes it possible to reduce, as much as possible, the amount of construction waste generated and to precisely determine the need for natural raw materials. Investors pay attention to the amount of construction waste and the carbon footprint of buildings. Concrete is 100% recyclable, and precast concrete elements generate a smaller carbon footprint than monolithic (traditional) construction. Social aspects are also important, such as whether the estates have the infrastructure to allow comfortable use of both the common parts and the individual parts belonging to them. The Group also prioritises green zones, the Group’s projects also take into account the needs of residents of all ages, taking care not to create communication barriers.

The table below presents the total usable area in the execution phase and in the preparation phase as at the end of each year (m^2)*

	2020	**2021**	**2022**	**2023**	**2024**
Usable area in the execution phase (in m^2)	7,664	3,107	27,505	24,400	25,000
Usable area in the preparation phase (in m^2)	39,106	52,144	31,129	58,000	62,000
Total area	46,770	55,251	58,634	82,400	87,000

*the usable area of the logistics hall, as part of the investment completed in Poznań in Q1 2021, has not been included in the table above

The Group’s three business activities complement each other; thanks to comprehensiveness, Pekabex has competence and experience in carrying out even the most demanding projects. All this constitutes Pekabex Group’s unique business model, which has made it the leader in prefabricated construction in Poland and opened the way to its international expansion. The effectiveness of the three business lines is strengthened by the support departments operating within the Group, such as the Sales Department, Design Department, Logistics Department, Execution Department and others, e.g. HR, IT, Legal Department, Finance Department or Administration.

Pekabex has its own design office, specialising in designing buildings and structures made from precast concrete units. Pekabex employs quality engineers and specialists with international experience, and permanently cooperates with external offices. The projects developed in accordance with the “Pekabex Systems” are modern, safe and economical, and the structures built on their basis stand out in the architectural landscape. The Group applies innovative solutions in line with Polish and European standards. The Group has its own Research and Development Centre (established in 2017), which develops innovative concepts and the best construction solutions for its contractors, taking into account the environmental impact of the offered products. As part of its organisational structure, the Group has also established Pekabex Engineering, a unit that employs high-level engineers focusing on improving production processes based on innovative solutions and carrying out research and development work in this area. The Group's Management Board focuses on modern IT solutions and is gradually building the Group's expertise in this area, aimed at digitalising and streamlining of production and operational processes in the Pekabex Group.

In its activity, the Group combines the competences of a manufacturing, engineering, construction and real estate development company. Pekabex ensures country-wide, safe transportation of prefabricated elements to construction sites by road or rail-road transport. It also organises the transportation of elements abroad, using sea transport. Constant supervision over the continuity of deliveries and safety of transport of prefabricated elements is exercised by the Logistics Department. The low-loader trucks used by the Group enable the transport of elements over 40 m long and weighing more than 80 t, as well as the vertical transport of prefabricated elements up to 4.3 m high.

The Group has its own Assembly Department, which, thanks to its qualified engineering and technical staff and experienced assembly workers, implements even the most unusual installations of prefabricated structures while maintaining the highest quality and safety standards. The most labour-intensive and heaviest assembly work is carried out using large construction machinery to its maximum potential under the supervision of skilled workers, which generates a safer working environment, and makes prefabricated construction socially responsible. Regardless of the season and weather conditions, assembly teams (including at home and abroad) are at work on the construction sites, completing the projects on time and in accordance with previously agreed specifications. The Group also has its own workforce to carry out the work of assembling monolithic elements. The assembly of prefabricated elements is a stage in the construction process whose progress and effects can be seen almost immediately, buildings made from the Group's prefabs are built at a speed unattainable with traditional technology, which is also undoubtedly due to the experience and quality of work of the teams of the Assembly Department.

Prefabricated elements, Am Tacheles, Berlin

(all amounts in PLN thousand unless otherwise stated)

1.3. Group's structure and changes during 2024

As at 31 December 2024, the Pekabex Group comprised 35 entities, including Poznańska Korporacja Budowlana Pekabex S.A. as the parent company, Pekabex Bet S.A. as the company concentrating the Group's main activities, 23 real estate development companies, including Pekabex Development sp. z o.o. as the coordinator of real estate development projects, and 4 companies located in Germany, 1 in Sweden and 1 in the United Kingdom:

Subsidiary name	Registered office	Group's share in capital:	
		31/12/2023	31/12/2024
Pekabex Bet S.A.	ul. Szarych Szeregów 27, 60-462 Poznań	100%	100%
Pekabex Bet S.A. Filial	Upplagsvägen 1 4 TR. 117 43 Stockholm, Sweden	Pekabex Bet Branch	Pekabex Bet Branch
Pekabex Denmark, Filial af Pekabex Bet Spółka Akcyjna, Poland	Risingsvej 63, 1., 5000 Odense C, Denmark	Pekabex Bet Branch	Pekabex Bet Branch
Betbygg Sverige AB	Upplagsvägen 1 4 TR. 117 43 Stockholm, Sweden	100%	100%
Pekabex Pref S.A.	ul. Warecka 11A, 00-40 Warsaw	100%	100%
Pekabex Pref S.A. – German Branch	Koenigsbruecker Str. 62 01099 Dresden, Germany	Pekabex Pref Branch	Pekabex Pref Branch
Pekabex Construction Ltd.	Ealing Cross, 1st Floor, 85 Uxbridge Road, London, W5 5TH, United Kingdom	-	100%
Kokoszki Prefabrykacja S.A.	ul. Budowlanych 54A, 80-298 Gdańsk	100%	100%
Pekabex Inwestycje IV Sp. z o.o	ul. Szarych Szeregów 27, 60-462 Poznań	100%	100%
Pekabex Casa Baia Sp. z o.o	ul. Szarych Szeregów 27, 60-462 Poznań	75%	75%
Pekabex Jasielska sp. z o.o.	ul. Szarych Szeregów 27, 60-462 Poznań	100%	100%
Pekabex Development sp. z o.o.	ul. Szarych Szeregów 27, 60-462 Poznań	100%	100%
Pekabex Katedralna sp. z o.o.	ul. Szarych Szeregów 27, 60-462 Poznań	80%	80%
Pekabex Łacina sp. z o.o. (formerly Intermodal Logistics Babimost sp. z o.o.)	ul. Szarych Szeregów 27, 60-462 Poznań	100%	100%
Pekabex Inwestycje XI Sp. z o.o.	ul. Warecka 11A, 00-40 Warsaw	100%	100%
Origin Pekabex Mechelinki Sp. z o.o.[1]	ul. Szarych Szeregów 27, 60-462 Poznań	55%*	55%*
Origin Pekabex Mechelinki Sp. z o.o. s.k.[1]	ul. Szarych Szeregów 27, 60-462 Poznań	51%	51%
Revital Operator Sp. z o.o.	ul. Warecka 11A, 00-40 Warsaw	-	100%
Pekabex Inwestycje XII Sp. z o.o.	ul. Szarych Szeregów 27, 60-462 Poznań	100%	100%
Urban Property sp. z o.o. (as at the balance sheet date Pekabex Inwestycje XIII Sp. z o.o.)	ul. Szarych Szeregów 27, 60-462 Poznań	100%	100%
Pekabex Inwestycje XIV Sp. z o.o.	ul. Szarych Szeregów 27, 60-462 Poznań	100%	100%
Pekabex Drewnicka sp. z o.o. (as at the balance sheet date Pekabex Inwestycje XV Sp. z o.o.)	ul. Szarych Szeregów 27, 60-462 Poznań	100%	100%
Pekabex Inwestycje XVI Sp. z o.o.	ul. Szarych Szeregów 27, 60-462 Poznań	100%	100%
Pekabex Inwestycje XVII Sp. z o.o.	ul. Warecka 11A, 00-40 Warsaw	100%	100%
Pekabex Inwestycje XVIII Sp. z o.o.	ul. Warecka 11A, 00-40 Warsaw	100%	100%
Pekabex Inwestycje XVII Sp. z o.o. S.K.A	ul. Szarych Szeregów 27, 60-462 Poznań	100%	100%
Pekabex Inwestycje XIX Sp. z o.o.	ul. Warecka 11A, 00-40 Warsaw	100%	100%
Pekabex Milczańska sp. z o.o. (as at the balance sheet date Pekabex Inwestycje XX Sp. z o.o.)	ul. Warecka 11A, 00-40 Warsaw	100%	100%
Green Logistics Development Sp. z o.o.	ul. Warecka 11A, 00-40 Warsaw	-	100%
P.Homes Sp. z o.o.	ul. Szarych Szeregów 27, 60-462 Poznań	100%	100%
Hansen Home Sp. z o.o.	ul. Warecka 11A, 00-40 Warsaw	70%	70%
Poznańskie Inwestycje Magazynowe Sp. z o.o.	ul. Szarych Szeregów 27, 60-462 Poznań	100%	100%
Prefabcad Sp. z o.o.	ul. Szarych Szeregów 27, 60-462 Poznań	52%	52%

1 Origin Pekabex Mechelinki sp. z o.o. spółka komandytowa is the general partner of Origin Pekabex Mechelinki sp. z o.o. The general partner made a contribution of PLN 1,000. The limited partners of the company are Pekabex Inwestycje IV sp. z o.o. (contribution of PLN 4,675 thousand) and Origin (contribution of PLN 3,825 thousand).

(all amounts in PLN thousand unless otherwise stated)

Rebuild Construction Automation Sp. z o.o.	ul. Szarych Szeregów 27, 60-462 Poznań	50%	50%
Falkenseer Garten FEA GmbH	Oberländer Ufer 154 a, 50968 Cologne	100%	100%

Subsidiary name	Registered office	Group's share in capital:	
		31/12/2023	31/12/2024
PGU GmbH	c/o 3T.LAW, Oberländer Ufer 154a, 50968 Cologne	-	100%
G + M GmbH	Industriestrasse 1, 96275 Marktzeuln	76%	76%
FTO Fertigteilwerk Obermain GmbH	Industriestrasse 1, 96275 Marktzeuln	76%	76%

Changes in the structure of the Capital Group are described in the consolidated financial statements for the year ended 31 December 2024 in the general information note.

Changes in the Capital Group's structure

Merger of Pekabex Inwestycje II sp. z o.o. and the Issuer (merger registration in 2024)
On 25 October 2023, the Company (the Acquiring Company) and its subsidiary Pekabex Inwestycje II S.A. (the Acquired Company) signed a plan of merger assuming that the Company would assume all the rights and obligations of the subsidiary, and that the subsidiary would be dissolved as of the date of deletion from the National Court Register. On 19 February 2024, the Management Board of Poznańska Korporacja Budowlana Pekabex S.A., in accordance with Article 504 § 1 of the CCC, notified the Issuer's shareholders for the second time of its intention to merge Poznańska Korporacja Budowlana Pekabex S.A. and PI II.

The resolution of the Extraordinary General Meeting of Shareholders of Pekabex Inwestycje II S.A. on the merger and the resolution of the Extraordinary General Meeting of Shareholders of Poznańska Korporacja Budowlana Pekabex S.A. were adopted on 6 March 2024. The merger is aimed at tidying up and simplifying the structure of the Pekabex Capital Group.
On 10 May 2024, the merger of the entities was registered in the National Court Register.
Due to the fact that the Acquiring Company is the sole shareholder and there are no persons with special rights in the Acquired Company, no special rights have been granted to such persons by the Acquiring Company. No special benefits were granted to members of the governing bodies of the merging companies or to other persons involved in the merger.

Merger of Pekabex Inwestycje VIII sp. z o.o. and Pekabex Casa Fiore sp. z o.o. with Urban Property sp. z o.o. (formerly Pekabex Inwestycje XIII sp. z o.o.)
On 18 November 2024, the District Court for Poznań - Nowe Miasto and Wilda in Poznań, 8th Commercial Division of the National Court Register, registered the merger of the following companies:

- Pekabex Inwestycje XIII sp. z o.o. with its registered office in Poznań (the Acquiring Company) with Pekabex Inwestycje VIII sp. z o.o. in Poznań (the Acquired Company)
- Pekabex Inwestycje XIII sp. z o.o. with its registered office in Poznań (the Acquiring Company) with Pekabex Casa Fiore sp. z o.o. in Poznań (the Acquired Company)

The mergers were carried out pursuant to Article 492 § 1(1) of the CCC, i.e. by transferring all the assets of the acquired company to the acquiring company. The date of the merger is 18 November 2024, and on that date PI XIII sp. z o.o. assumed all the rights and obligations of the acquired companies. At the same time, on the date of entry of the merger into the National Court Register, the acquired companies were dissolved without liquidation proceedings.

New companies in the Group
On 19 April 2024, Revital Operator sp. z o.o. was established. Poznańska Korporacja Budowlana Pekabex S.A. holds indirectly through Origin Pekabex Mechelinki sp. z o.o. sp. k. 51% of shares in the share capital of the company. Revital Operator sp. z o.o. will focus on managing facilities within the Revital Apartments and Centre investment in Mechelinki. The Company was registered in the National Court Register on 24 May 2024.

On 13 May 2024, PGU GmbH, a company organised and existing under the laws of Germany, was established. Poznańska Korporacja Budowlana Pekabex S.A. holds 100% of the company's shares. The company's activities are focused on the implementation of projects as a general contractor on the German market. On 31 October 2024, the company was registered in the commercial register with jurisdiction over the company's registered office.

On 21 May 2024, Green Logistics Development sp. z o.o. was established. Poznańska Korporacja Budowlana Pekabex S.A. directly holds 100% of the company's share capital. The company coordinates warehouse space development projects carried out within the Group. The Company was registered in the National Court Register on 13 June 2024.
On 19 July 2024, Hansen Home sp. z o.o. was established. Poznańska Korporacja Budowlana Pekabex S.A. holds indirectly through Pekabex Development sp. z o.o. 70% of shares in the share capital of the company. The company's activities will be related to real estate development projects using, among others, P.Homes' modular home solutions. The Company was registered in the National Court Register on 7 August 2024.

On 9 December 2024, Pekabex Construction Ltd. with its registered office in London was established. On the same day, the Company was registered in the Companies House Register for England and Wales under the number 16126606. Poznańska Korporacja Budowlana Pekabex S.A. directly holds 100% of the company's share capital. The company's activities will focus on acquiring and implementing projects, including as a general contractor, on the English market.

Change in the Group's structure – development segment
On 10 December 2024, agreements were concluded for the sale of shares in the companies in the development segment: Pekabex Łacina sp. z o.o., Pekabex Inwestycje XI sp. z o.o., Pekabex Inwestycje XII sp. z o.o., Pekabex Inwestycje XIV sp. z o.o, Pekabex Drewnicka sp. z o.o., Pekabex Inwestycje XVI sp. z o.o., Pekabex Inwestycje XVII sp. z o.o., Pekabex Inwestycje XVIII sp. z o.o., Pekabex Inwestycje XIX sp. z o.o., Pekabex Milczańska sp. z o.o., on the basis of which Poznańska Korporacja Budowlana Pekabex S.A. sold all its shares to its subsidiary Pekabex Development Sp. z o.o. The registration of the sale in the National Court Register took place after the balance sheet date of 31 December 2024.
Poznańska Korporacja Budowlana Pekabex S.A. holds 100% of shares in Pekabex Development Sp. z o.o., and the sale of the companies did not change their consolidation status; they continue to be fully consolidated. The change in structure is intended to increase the transparency of the financial structure of the development segment.

The activities of individual companies in the Group from segments other than real estate development and their role in the Group are briefly presented below:

PEKABEX BET S.A.
Pekabex directly holds 100% of shares in the share capital of Pekabex Bet S.A., which entitles it to 100% of votes at the General Meeting of Shareholders. The company's primary line of business is the execution of construction contracts (including general contracting) for the design, manufacture, supply and installation of prefabricated concrete structures used in the construction of industrial, retail, office, cultural and sports facilities, halls, residential buildings, bridges and other large-scale structures. On 22 January 2019, Pekabex Bet S.A. registered a branch in Sweden under the name Pekabex Bet S.A. Filial. On 1 December 2022, Pekabex Bet S.A. registered a branch in Denmark, operating under the name Filial af Pekabex Bet Spółka Akcyjna.

BETBYGG SVERIGE AB
Pekabex holds 100% of shares in BetBygg Sverige AB. On 28 April 2023, Poznańska Korporacja Budowlana Pekabex S.A. purchased 100% of shares in Go Rck finalem 2 AB on the basis of a sales agreement, thus taking 100% control over the company. On 14 July 2023, the company's name change from GoRock final 2 AB to BetBygg Sverige AB was registered. The company's activities focus on the construction contracts in the general contracting formula in Sweden.

PGU GMBH
Pekabex holds 100% of shares in PGU GmbH. The company was established on 13 May 2024. PGU GmbH is a company organised and existing under the laws of Germany, with its activities focused on the execution of general contracting construction contracts in Germany.

PEKABEX PREF S.A.
Pekabex directly holds 100% of shares in the share capital of Pekabex Pref S.A., which entitles it to 100% of votes at the General Meeting of Shareholders. The main line of business of the company is the provision of production, accounting, administrative, HR and payroll, IT, design and logistics services. Within the structures of Pekabex Pref there is an organisationally separate Pekabex Pref Branch in Dresden. Its primary business is production services.

PEKABEX CONSTRUCTION LTD.
Pekabex holds 100% of shares in the share capital of Pekabex Construction Ltd. On 9 December 2024, the company has been established and exists in accordance with the laws of United Kingdom. The company's activity will focus on construction contracts (supply and installation of prefabricated concrete elements) in the United Kingdom.

KOKOSZKI PREFABRYKACJA S.A.

Pekabex directly holds 100% of shares in the share capital of Kokoszki Prefabrykacja S.A., which entitles it to 100% of votes at the General Meeting of Shareholders. The Company has two production plants; a production plant located at Budowlanych Street in Gdańsk-Kokoszki, which is leased, mainly to Pekabex Bet S.A., and a production plant in Gdańsk-Kokoszki at Geodetów Street. The plant is located within the Pomeranian Special Economic Zone.

G + M GMBH

Pekabex directly holds 76% of shares in the share capital of G + M GmbH. The remaining 24% is owned by Fundusz Ekspansji Zagranicznej Fundusz Inwestycyjny Zamknięty Aktywów Niepublicznych (Foreign Expansion Fund Closed-End Investment Fund for Non-Public Assets) managed by PFR Towarzystwo Funduszy Inwestycyjnych S.A. The main line of business of G + M GmbH is the management and rental of real estate and movable property. The company holds 100% of shares in FTO Fertigteilwerk Obermain GmbH.

FTO FERTIGTEILWERK OBERMAIN GMBH

The company's core business is the production of precast concrete elements. The company provides small- and large-scale prefabricated products mainly for industrial, warehouse, logistics and housing construction. The company was registered in 2002 and is one of the main prefabricated component plants in Bavaria and Thuringia as a regional and supra-regional supplier of structural prefabricated elements in reinforced concrete construction. The scope of the company's activities includes a comprehensive service from designing the structure to assembling the prefabricated element.

GREEN LOGISTIC DEVELOPMENT SP. Z O. O.

Pekabex directly holds 100% of shares in the share capital of Green Logistics Development sp. z o.o., which entitles it to 100% of votes at the General Meeting of Shareholders. The company was established on 21 May 2024 and is responsible for coordinating the real estate development projects of the warehouse space executed within the Group. The Company was registered in the National Court Register on 13 June 2024.

P.HOMES SP. Z O. O.

Pekabex directly holds 100% of shares in the share capital of P.Homes sp. z o.o., which entitles it to 100% of votes at the General Meeting of Shareholders. The company was registered in the National Court Register on 8 October 2021. The company is dedicated to the direct implementation of single-family house projects built with prefabrication technology. The company's offer is primarily addressed to individual investors.

HANSEN HOME SP. Z O. O.

Pekabex Development sp. z o.o. holds 70% of shares in the share capital of the company. The company was established on 19 July 2024, and was registered in the National Court Register on 7 August 2024. The company's activities will be related to real estate development projects using, among others, P.Homes' modular home solutions.

POZNAŃSKIE INWESTYCJE MAGAZYNOWE SP. Z O. O.

Pekabex directly holds 100% of shares in the share capital of Poznańskie Inwestycje Magazynowe sp. z o.o., which entitles it to 100% of votes at the General Meeting of Shareholders. The company's main activity is the provision of manufacturing services to companies in the Group. The company was registered in the National Court Register on 17 February 2021.

PEKABEX PREFABCAD SP. Z O. O.

Pekabex holds 52% of shares in Prefabcad sp. z o.o., which entitles it to exercise 52% of votes at the General Meeting of Shareholders. The company's activities are focused on the licensing of software to Group companies. The company was registered in the National Court Register on 28 December 2021.

REBUILD CONSTRUCTION AUTOMATION SP. Z O. O.

Pekabex directly holds 50% of shares in Rebuild Construction Automation sp. z o.o., which entitles it to 50% of votes at the General Meeting of Shareholders. The remaining 50% of shares in Rebuild Construction Automation sp. z o.o. are held by Rebuild sp. z o.o., an engineering start-up with which the Group collaborates on the automation of production processes. The creation of the company is part of the Group's strategy to continuously develop product and process innovation. The company was incorporated on 24 January 2022, and registered in the National Court Register on 15 March 2022.

The companies in the development segment are presented below:

PEKABEX DEVELOPMENT SP. Z O.O.

Pekabex directly holds 100% of shares in the share capital of Pekabex Development sp. z o.o., which entitles it to 100% of votes at the General Meeting of Shareholders. The company is responsible for the coordination of real estate development projects carried out within the Group. In order to organise the structure of the Pekabex Group, on 10 December 2024, Poznańska Korporacja Budowlana Pekabex S.A. and Pekabex Development sp. z o.o. signed a contract for the sale of shares in special purpose vehicles based on which Poznańska Korporacja Budowlana Pekabex S.A. sold all of its shares to Pekabex Development sp. z o.o. The contract concerned the following Group companies: Pekabex Łacina sp. z o.o., Pekabex Inwestycje XI sp. z o.o., Pekabex Inwestycje XII sp. z o.o., Pekabex Inwestycje XIV sp. z o.o., Pekabex Drewnicka Sp. z o.o., Pekabex Inwestycje XVI sp. z o.o., Pekabex Inwestycje XVII sp. z o.o., Pekabex Inwestycje XVIII sp. z o.o., Pekabex Inwestycje XIX sp. z o.o., Pekabex Milczańska Sp. z o.o.

PEKABEX INWESTYCJE IV SP. Z O.O.
Pekabex directly holds 100% of shares in the share capital of Pekabex Inwestycje IV sp. z o.o., which entitles it to 100% of votes at the General Meeting of Shareholders. It is a Limited Partner in Origin Pekabex Mechelinki sp. z o.o. sp.k.

PEKABEX CASA BAIA SP. Z O.O.
At the balance sheet date of the report, Pekabex directly holds 100% of shares in the share capital of Pekabex Casa Baia sp. z o.o., which entitles it to 100% of votes at the General Meeting of Shareholders. The company is a special purpose vehicle engaged in a real estate development project consisting in the construction of a modern apartment building in Hel, at Żeromskiego Street.

PEKABEX JASIELSKA SP. Z O.O.
Pekabex directly holds 95% of shares in the share capital of Pekabex Jasielska sp. z o.o., which entitles it to 95% of votes at the General Meeting of Shareholders. On 5 December 2023, an agreement was concluded for the sale of 5% of shares in the company to EQUES Investment Towarzystwo Funduszy Inwestycyjnych Spółka Akcyjna, while the formal acquisition of the shares took place on 6 December 2023. Pekabex Jasielska sp. z o.o. is a special purpose vehicle registered in the National Court Register on 7 July 2020, conducting a development investment consisting in the construction of the third and fourth stages of the Ja_Sielska housing estate in Poznań.

PEKABEX KATEDRALNA SP. Z O.O.
Pekabex directly holds 80% of shares in the share capital of Pekabex Katedralna sp. z o.o., which entitles it to 80% of votes at the General Meeting of Shareholders. It is a special purpose vehicle that conducts the Neonowe Estate investment consisting in the construction of residential buildings and commercial premises at Katedralna Street in Częstochowa.

PEKABEX ŁACINA SP. Z O. O.
Pekabex Development sp. z o.o. directly holds 100% of shares in the share capital of Pekabex Łacina sp. z o.o., which entitles it to 100% of votes at the General Meeting of Shareholders. The company is a special purpose vehicle dedicated to future real estate development projects. On 10 December, an Extraordinary Meeting of Shareholders was also held, at which a resolution was passed to change the name of the company from Intermodal Babimost Logistics Hub Sp. z o.o. to Pekabex Łacina Sp. z o.o. The change was registered in the National Court Register on 3 March 2025.

PEKABEX INWESTYCJE XI SP. Z O. O.
Pekabex Development sp. z o.o. directly holds 100% of shares in the share capital of Pekabex Inwestycje XI sp. z o.o., which entitles it to 100% of votes at the General Meeting of Shareholders. It is a special purpose vehicle registered in the National Court Register on 25 May 2021, conducting a real estate development investment consisting in the construction of the fifth and sixth stages of the Ja_Sielska housing estate in Poznań.

ORIGIN PEKABEX MECHELINKI SP. Z O.O.
Pekabex directly holds approx. 51% of shares in the share capital of Origin Pekabex Mechelinki sp. z o.o. The company is the General Partner at Origin Pekabex Mechelinki sp. z o.o. sp.k.

ORIGIN PEKABEX MECHELINKI SP. Z O.O. SP.K.
Pekabex is the controlling (parent) entity for Origin Pekabex Mechelinki sp. z o.o. sp.k. The General Partner of Origin Pekabex Mechelinki sp. z o.o. The Limited Partners of the company are Pekabex Inwestycje IV sp. z o.o. and Origin Gdynia 1 sp. z o.o. The company is a special purpose vehicle which conducts an investment called the Origin ReVital Mechelinki Complex, which will include the Origin Mechelinki Centre, the Origin Mechelinki Apartments and the Revital Apartments. This investment is presented in more detail in this report.
REVITAL OPERATOR SP. Z O. O.
Origin Pekabex Mechelinki sp. z o.o. sp.K. holds directly 100% of shares in the share capital of Revital Operator sp. z o.o., which entitles it to 100% of votes at the General Meeting of Shareholders. The company has been appointed to manage the Origin Mechelinki Centre Complex.

PEKABEX INWESTYCJE XII SP. Z O. O.
Pekabex Development sp. z o.o. directly holds 100% of shares in the share capital of Pekabex Inwestycje XII sp. z o.o., which entitles it to 100% of votes at the General Meeting of Shareholders. The company was registered in the National Court Register on 2 June 2021. A special purpose vehicle conducting a real estate development project consisting in the construction of residential buildings in Pruszków.

URBAN PROPERTY SP. Z O. O.
Pekabex owns 100% of shares in Urban Property sp. z o.o. On 22 April 2021, Poznańska Korporacja Budowlana Pekabex S.A. purchased 100% of shares in Kinglet 29 sp. z o.o. on the basis of a sales agreement, thus taking 100% control over the Company. On 8 June 2021, the change of the company's name from Kinglet 29 sp. z o.o. to Pekabex Inwestycje XIII sp. z o.o. was registered in the National Court Register. In 2024, the company merged with two other special purpose vehicles that had completed residential projects. On 18 December 2024, an Extraordinary Meeting of Shareholders was held, at which a resolution was passed to change the name of the company from Pekabex Inwestycje XIII Sp. z o.o. to Urban Property sp. z o.o. The change was registered in the National Court Register on 17 February 2025.

PEKABEX INWESTYCJE XIV SP. Z O. O.
Pekabex Development sp. z o.o. directly holds 100% of shares in the share capital of Pekabex Inwestycje XIV sp. z o.o., which entitles it to 100% of votes at the General Meeting of Shareholders. The company was registered in the National Court Register on 29 June 2021. The company is a special purpose vehicle dedicated to real estate property development.

PEKABEX DREWNICKA SP. Z O. O.
Pekabex Development sp. z o. o. directly holds 100% of shares in the share capital of Pekabex Drewnicka sp. z o.o., which entitles it to 100% of votes at the General Meeting of Shareholders. The company was registered in the National Court Register on 30 June 2021. On 14 January 2025, an Extraordinary Meeting of Shareholders was held, at which a resolution was passed to change the name of the company from Pekabex Inwestycje XV Sp. z o.o. to Pekabex Drewnicka sp. z o.o. The change was registered in the National Court Register on 3 March 2025.

PEKABEX INWESTYCJE XVI SP. Z O. O.
The company was incorporated on 22 June 2021, and registered in the National Court Register on 8 September 2021. On 13 December 2024, Poznańska Korporacja Budowlana Pekabex S.A. sold all of its shares in Pekabex Inwestycje XVI Sp. z o.o. to EQUES Pekabex Deweloperski Fundusz Inwestycyjny Zamknięty. The Group has control of the company and it continues to be fully consolidated. The company is a special purpose vehicle dedicated to real estate property development.

PEKABEX INWESTYCJE XVII SP. Z O. O.
Pekabex Development sp. z o.o. directly holds 100% of shares in the share capital of Pekabex Inwestycje XVII sp. z o.o., which entitles it to 100% of votes at the General Meeting of Shareholders. The company is the General Partner in Pekabex Inwestycje XVII sp. z o.o. S.K.A. . The company was incorporated on 12 August 2022, and registered in the National Court Register on 26 October 2022.

PEKABEX INWESTYCJE XVIII SP. Z O. O.
Pekabex Development sp. z o.o. directly holds 100% of shares in the share capital of Pekabex Inwestycje XVIII sp. z o.o., which entitles it to 100% of votes at the General Meeting of Shareholders. The company was incorporated on 12 August 2022, and registered in the National Court Register on 26 October 2022.

PEKABEX INWESTYCJE XVII SP. Z O.O. S.K.A.
Pekabex directly holds 100% of shares as a shareholder of Pekabex Inwestycje XVII sp. z o.o. S.K.A. and exercises indirect control through the sole general partner Pekabex Inwestycje XVII sp. z o.o. by holding 100% of shares in this company. This entitles Pekabex to 100% of votes at the General Meeting of Shareholders. Until 15 February 2023, the company operated under the name Pekabex Inwestycje VIII sp. z o.o. S.K.A.

PEKABEX INWESTYCJE XIX SP. Z O. O.
Pekabex Development sp. z o.o. directly holds 100% of shares in the share capital of Pekabex Inwestycje XIX sp. z o.o., which entitles it to 100% of votes at the General Meeting of Shareholders. The company was incorporated on 8 December 2023, and registered in the National Court Register on 22 January 2024.

PEKABEX MILCZAŃSKA SP. Z O. O.
Pekabex Development sp. z o.o. directly holds 100% of shares in the share capital of Pekabex Milczańska sp. z o.o., which entitles it to 100% of votes at the General Meeting of Shareholders. The company was incorporated on 8 December 2023, and registered in the National Court Register on 8 January 2024. On 14 January 2025, an Extraordinary Meeting of Shareholders was held, at which a resolution was passed to change the name of the company from Pekabex Inwestycje XX Sp. z o.o. to Pekabex Milczańska sp. z o.o. The change was registered in the National Court Register on 29 January 2025.

FALKENSEER GÄRTEN FEA GMBH
Pekabex holds 100% of shares in Falkenseer Gärten FEA GmbH. With effect from 23 November 2021, the Group entered into an agreement with FORIS Gründungs GmbH, a company incorporated under German law, to acquire 100% of shares in the German company operating under the name Lindentor 1089. VV GmbH (renamed Falkenseer Gärten FEA GmbH). The company's activities are focused on real estate development projects. The company was developing the Stadtvilla flats in Falkensee, a suburb of Berlin.

1.4. Description of significant groups of products or services offered

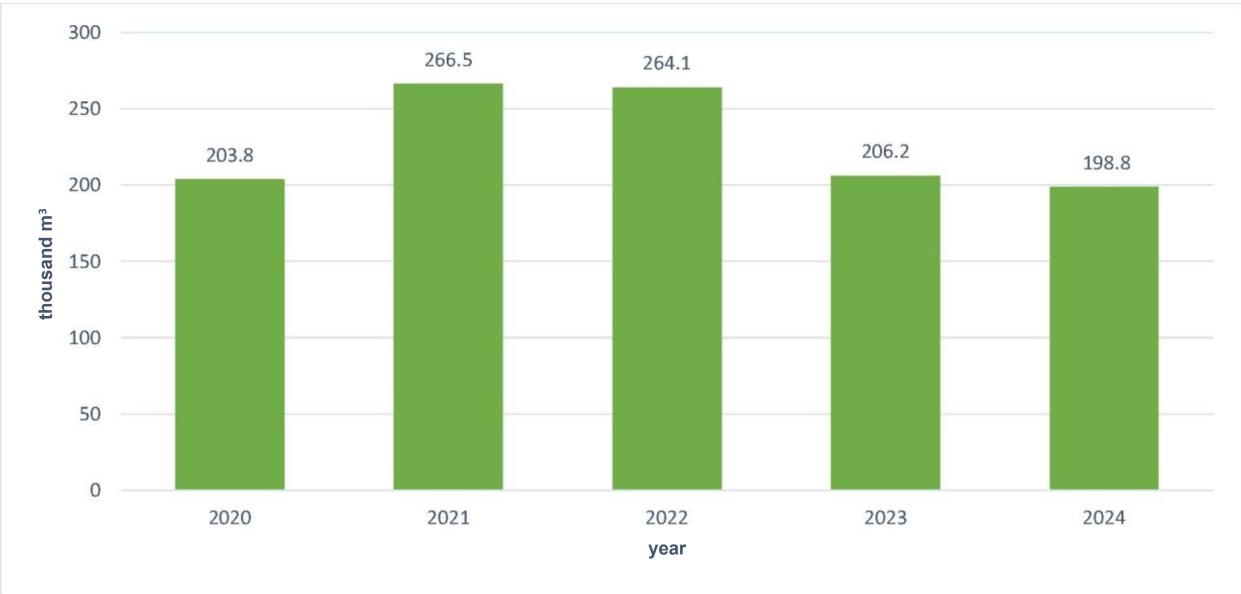
The Group specialises in the production of traditional prefabricated reinforced elements and modern prestressed elements. The Group's production sites manufacture elements used in large-scale construction (e.g. production halls, warehouses, offices, shopping facilities, stations, car parks), civil engineering (e.g. bridges, tunnels), as well as elements for non-standard projects. The Group also manufactures elements for residential construction, including ceilings, stairs and balconies, but mainly walls, including solid and triple-layered walls used as external walls with façades, equipped with electrical installations, fitted with windows and external window sills, and finished with special textured plasters.

The Group's production plants are equipped to manufacture elements with a wide range of dimensions, both in traditional reinforcement technology and using prestressing. Modern equipment and developed technology allow for the production of elements of increased length (50 m girders), as well as considerable mass (over 100 t). The high quality of manufactured prefabricated elements is achieved thanks to the specialised production equipment, but also the experience and high qualifications of the personnel. The Group also manufactures elements for residential buildings such as stairs and balconies, floor slabs in which sanitary installations can be installed, but mainly walls, including solid and three-layer walls, most often used as external walls with an elevation, equipped with electrical installations, having windows and external sills installed, as well as finished with special structural plasters or clinker bricks. Such elements do not require additional time and financial resources related to the construction and finishing of the façades at the construction site. Finishing the internal side of the wall requires only painting, fixing window sills and installing sockets and electrical switches.

The Group's offers can be divided according to production technology:

- prestressed elements, including bridge beams, girders, TT slabs, floor beams, roof beams, purlins, tram elements, prestressed sill plates, multi-storey columns, prestressed Filigran walls, prestressed hollow core slabs,
- reinforced elements, including rectangular columns, circular columns, footings (columns with footing), solid walls, two-layer walls, three-layer walls, foundations, retaining walls, walls with aggregate wash, walls with wash façade, balconies, tubings, docks, structural architectural elements,
- prefabricated elements manufactured in a fully automated manner based on Filigran-type elements.

Total production volume in thousand m³ between 2020 and 2024



Main products manufactured by Pekabex

1. **Walls.** Pekabex manufactures prefabricated single-, double- and triple-layer wall elements with an insulation layer made of Neopor, PIR or mineral wool. External wall textures may be solid or have a façade layer finished with mineral plasters or washed stone of basalt, granite or other specified aggregate. The façade may also be decorated with formliner prints or clinker bricks. Walls are produced in a wide range of sizes and applications: for building commercial buildings, industrial halls, public and residential buildings, for internal and external load-bearing walls, walls of lift shafts, staircases.
2. **Architectural concrete elements**. The Group offers prefabricated elements made of architectural concrete. Thanks to the development of automation processes in the construction industry, different types of architectural concrete can be used serially in large-scale structural elements. Sandwich panels, façade cladding, balconies, frame structures (beams and columns) and other elements made of coloured concrete, textured in specially designed matrices and formwork, with the possibility of exposing aggregate (also different colours) in a washing process, or with smooth surfaces with a closed structure or with a photo on the concrete surface, are products that are increasingly sought after on the market.
3. **Columns.** Pekabex produces reinforced or prestressed columns and column footings with square, rectangular, and circular cross-sections. The columns can be multi-level, with brackets in all four directions. The largest elements produced by the Pekabex Group were over 30 metres high and exceeded the weight of 100 tonnes.
4. **Floor beams.** The Group's production plants manufacture reinforced concrete and prestressed concrete beams with rectangular, trapezoidal, T-bar, double-T and L-shaped cross-section. They are prepared to be joined with a monolithic or prefabricated ceiling made of hollow core slabs, TT slabs or Filigran slabs.
5. **Slabs.** The wide range of slabs produced by the Group includes:
    - hollow core slabs,
    - reinforced and prestressed TT slabs,
    - PS prestressed solid slabs,
    - toughed slabs,
    - Filigran type slabs.
6. **Roof girders.** Pekabex offers reinforced and prestressed concrete roof girders with spans exceeding 50 metres, as well as roof elements such as purlins, joists, grits. The elements can be equipped with steel accessories.
7. **Filigran walls and floor slabs.** Double-layer Filigran walls and slabs are produced in an automated manner at a new production plant in Gdańsk. The biggest advantages of this product are simple and quick assembly and its light weight. Filigran elements are dedicated to residential and office construction and are used to build tunnels, silos, tanks, underground garages or fences.
8. **Prefabricated engineering products.** The Group's production plants manufacture prefabricated reinforced concrete and prestressed concrete elements that are highly advanced in terms of technology and design for the needs of civil engineering.
9. **Other.** Other products manufactured in the Pekabex Group plants include:
    - bridge abutments,
    - stair stringers and landings,
    - balconies,
    - docks,
    - crane ballasts,
    - fountain basins, plinths,
    - architectural concrete elements,
    - and other prefabricated products manufactured at the customer's request.
10. **Pekabex bathroom modules**. In 2023, Pekabex Research and Development Department has completed a project with European Union funding to develop an innovative prefabricated bathroom module product. As a result of R&D works, a prefabricated bathroom module was developed for housing and public utility buildings, as well as administrative and office parts of industrial facilities. The advantages of the prefabricated bathroom module are, above all, compatibility, integration of the module's structural elements, installations and turnkey finishes and fittings in a technologically optimised production process in a modern prefabrication plant. The advantages of modular bathrooms also include a high level of quality control and risk reduction, which is associated with shorter lead times by speeding up the assembly of already finished bathrooms and minimising the finishing work on site. Thanks to process- and material-optimised production technology, significant savings have been achieved in terms of material and water consumption, which has a positive impact on the process of reducing greenhouse gas emissions.

A description of the main groups of services provided by the Pekabex Group is described later in the Report in the chapter "Structure of the Pekabex Group's revenue from sales – operating segments".

1.5. Membership in organisations, awards and honourable mentions

As one of 10 biggest construction companies in Poland, Pekabex is an active member of organisations and associations in which it actively engages, treating it as an important aspect of its relations with the environment and implementing the idea of responsible business. The main benefits of membership are the opportunity to gain knowledge, current access to industry information, but also the opportunity to share knowledge and gain new contacts and experiences.
Pekabex is a member of the following organisations and associations:

- Stowarzyszenie Producentów Betonów (the Association of Concrete Producers),
- The Polish-German Chamber of Commerce and Industry,
- Pracodawcy Pomorza (the Employers of Pomerania),
- Fundacja Firmy Rodzinne (the Family Companies Foundation),
- Güteschutz Beton,
- Wielkopolska Izba Przemysłowo-Handlowa (the Wielkopolska Chamber of Commerce and Industry),
- Polish-Ukrainian Chamber of Commerce,
- Polish Circular Hotspot,
- Polskie Stowarzyszenie Budownictwa Ekologicznego (Polish Green Building Council),
- Polish-Luxembourg Chamber of Commerce,
- Polish ESG Association,
- Swedish-Polish Chamber of Commerce,
- Polish-Norwegian Chamber of Commerce,
- Polish-Luxembourg Chamber of Commerce.

The most important awards and honourable mentions received by Pekabex in 2024 include:

Winner of the "Forbes Diamonds 2024" ranking
Winner of the "Forbes Diamonds 2024" ranking. It is the 16th edition of this ranking. Each time, the winners are selected from among the companies that have filed their financial statements with the National Court Register or sent them directly to the editor. Factors such as financial results from 2018 to 2022, asset value, payment history, payment reliability and the absence of adverse legal events are taken into account. In the end, Forbes Diamonds are awarded to companies with a positive financial result and a cooperation risk index higher than 4, calculated according to the criteria of Dun & Bradstreet, a company co-creating the ranking with Forbes.

Star of 'Builder' Ranking 2024
The Pekabex Capital Group has been awarded the title of "Star of 'Builder' Ranking" for achieving the highest revenue among manufacturers in the Wielkopolska region. The "Builder" ranking is a renowned list that brings together the largest companies.

2. Strategy and development of the Pekabex Group

2.1. Strategy of the Pekabex Group

The Group's mission:
We believe that prefabrication is the technology of the future in the construction industry
The Group's vision:
We want to rank in the Top 5 in Europe and build ecological, efficient and beautiful buildings while creating new trends

The strategic goal of the Group is safe development, taking into account the expectations of shareholders, customers and other stakeholder groups, based on a healthy, competent organisation and internal resources, supported by a stable funding and appropriate internal processes.
The adopted strategic principles for the years 2025-2028 are based on the strategy for the years 2020-2024 and are being consistently implemented, which allows the Group to strengthen its leading position on the market by implementing further investments and business projects in various areas of the Group's activity, in line with the rules of sustainable development.

The main lines of action in pursuit of this objective are, in particular, as part of customer-oriented activities:

- Growth and diversification of sales, among others, through foreign expansion.
- Moving up the value chain, mainly by offering comprehensive solutions ensuring the safety and functionality of facilities with the lowest possible impact of activities on the environment.
- Providing modern technology.
- Development of the technical (technical excellence), operational and financial potential of the Group.
- Flexibility of operation with simultaneous operational efficiency and cost optimisation.
- Building brand trust.
- Integrating sustainable development principles into business decisions.

People-oriented activities:

- Open communication and cooperation between departments in processes and projects.
- Clear procedures, organisational relationships, and operating rules within the Group.
- Promoting initiative and flexibility.
- Development of the competencies of the workforce needed to fulfil the organisation's strategy and objectives.
- Building employee satisfaction and engagement.
- Complying with the Pekabex Code of Ethics and the values defined therein such as respect, honesty, responsibility, improvement, and open communication.

Internal process-oriented activities:

- Increasing and diversifying sales with continuous monitoring of operational efficiency and cost optimisation.
- Overseas expansion in Scandinavia and Western Europe.
- Development in the residential segment in Poland. Getting closer to the target customer.
- Development of the non-residential construction contracts segment ("Pekabex® Hall System", Pekabex® Parking System, Pekabex® Office Facilities System, general contracting of investments).

Increasing the effectiveness and efficiency of the proactive sales process:

- Development of products and technologies, creation of standards in building technologies
- Developing comprehensive general contracting services and solutions, including those combining different technologies, and developing activities related to real estate development projects, also those for own account.
- Creating innovative construction and production solutions as products of the Group in the Research and Development Centre operating within the Group since 2017. Developing modern, innovative products and improving production processes in order to reduce the environmental impact of the Group's activities, including by reducing the carbon footprint of products (innovative technological solutions and energy-saving and low-emission materials).
- Continuation of development of the design department, thanks to which the Group will strengthen its competitive advantage in terms of more technologically complex products and construction solutions.
- Introduction of products requiring more work (e.g. walls with installed windows, modular bathrooms) and more technically complex (e.g. tubings, MGT bridge beams, server rooms) and innovative products.

As a result, the Group's objective is to:

Gain an operational advantage by:

- Setting key performance indicators for individual processes, monitoring their quality and efficiency.
- Expansion of the process monitoring system, including design, production and contract execution monitoring, based on
- key performance indicators (e.g. labour costs per m^3 of production), using tools such as reporting and controlling systems.
- Implementation of comprehensive IT solutions facilitating the flow of information and increasing efficiency (e.g. of production) and making it possible to use the available data to better adjust products and services to the market needs. Computerisation, implementation of ERP-type systems.
- Developing structures based on repeatable elements in order to standardise production. Investing in standard and modular formwork, thanks to which all elements can be produced in accordance with the applicable standards, can have positive effects. Thanks to these activities, the Group can shorten the time needed to prepare the production, but also reduce the costs of formwork construction. As a result, the Group's offer becomes more and more flexible and cheaper than that of its competitors.
- Automation and mechanisation of processes aimed at improving the efficiency, quality of products and services offered , as well as reducing the demand for human labour, mainly in production positions, which is a response to the problem of the lack of qualified lower level employees.
- Digitisation and process streamlining.
- Effective supply chain management.
- Expansion of production capacity in the existing plants.
- Aiming to reduce the carbon footprint of products, promote a circular economy and increase energy efficiency. Promoting prefabrication technology as a response to the sustainable construction challenges of the construction market.

Gain market advantage by:

- Development in the segment of residential construction in Poland and development of the offer dedicated to this segment.
- Developing sales of P.Homes – a system for the construction of single-family houses in concrete prefabrication technology.
- Increasing the level of sales effectiveness.
- Increasing sales on the Scandinavian and German markets, in particular by offering increasingly advanced and comprehensive prefabrication and engineering solutions.
- Taking advantage of the acquisition on the German market to further develop and strengthen the position of Pekabex in Germany.
- Active efforts to popularise prefabrication through lectures, talks and publications. Pekabex informs designers, investors and general contractors about the solutions it offers.

Gain financial advantage by:

- Safe, stable and risk-proof growth, while maintaining liquidity and controlling costs to ensure flexibility in a changing economic environment.
- Development based on long-term planning, profitability analysis and diversification of funding sources.
- Increasing and diversifying sales with continuous monitoring of operational efficiency and cost optimisation.
- Creating capital management competence.
- Increasing the profitability of contracts.
- Implementing integration down the value chain, increasing sales to the target customer.

Work on the Group's current business strategy was completed in October 2024. The Pekabex Group's strategy has not been formally adopted, however, it is publicly available and is being implemented by the Management Board.

Prefabricated elements, Am Tacheles, Berlin

2.2 Research and development

As a leading manufacturer of prefabricated structures in Poland, Pekabex has significant R&D potential in the form of qualified staff and a constantly expanding machine park. The separation of a unit dedicated to this work, and the definition of an agenda for its further development allowed these activities to be further developed and systematised, and to reflect Pekabex strategic objectives.

Achieving the strategic objectives requires centralisation and development of the Group's research and development area, and the establishment of a multidisciplinary unit integrating and developing the innovative activities undertaken to date, researching technologies, processes and products of the construction sector, in particular those related to the production of prefabricated elements. The creation of a dedicated R&D structure is a practice followed by the most innovative companies worldwide. Conducting this type of work, i.e. activities with a high level of risk and often a longer than standard time horizon, requires a different approach than standard business activities. Dedicated project management processes, creation of teams consisting of employees responsible for various areas of company activity, management of know-how diffusion from the environment or portfolio evaluation of conducted activities are most effectively implemented and managed within a separate organisational unit of the company.

The Group's Management Board believes that innovative technological, process and product solutions are the future of the construction industry. This is the only direction of development that makes it possible to meet the expectations of the market and overcome the industry-specific challenges, such as energy transformation (low-, zero-emission buildings), sustainability (circular economy, reduction of the carbon footprint of products, reduction of construction site nuisances, biodiversity protection), changing urban concepts (15-minute city, green city concept, cycling infrastructure), demographic changes (demographic decline, lower human capital, migration), and deglobalisation and geopolitical processes (changes in supply chains). From the perspective of new challenges, the search for and creation of new technologies becomes crucial, which is why the Group created the position of Development Director at the Management Board level. The Development Director is responsible for coordinating and creating innovative concepts for technological solutions for the Group's production facilities.

Research and development activity is supported by its systematisation, including the separation of a dedicated unit, and the definition of an agenda for its work, which is why the Research and Development Centre was established within the Group.

In 2017, Pekabex Bet received funding from the Intelligent Development Operational Programme 2014-2020 under Measure 2.1 Support for investments in companies' R&D infrastructure. The funds were allocated for the implementation of an innovative project called "Establishment of a Research and Development Centre ("R&D Centre") within the structure of Pekabex Bet S.A.". Thanks to the establishment of the R&D Centre, the Group participates in strengthening the innovativeness of the Polish economy and promoting research and development work in Poland. The Centre cooperates with technical universities in the whole of Poland. The work of the R&D Centre strengthens the Group's competitive position by generating individualised solutions that reflect the needs of end-users in Poland and on European markets (mainly German and Scandinavian). The undertaken real estate development projects are aimed at increasing the number of commercialised innovative products/technologies, which will have a direct positive impact on the Group's position on the market and its financial results.

The main objectives of the Group related to the Research and Development Centre are:

- Implementation of R&D plans in cooperation with external entities.
- Further increase in the use of modern concrete prefabrication in construction, particularly residential construction, which will allow the Group to participate in the implementation of government and local government housing development programmes and enable it to better satisfy market demand for modern, affordable housing.
- Reduction of construction project costs by using the Group's own innovative solutions and streamlining processes.
- Shortening the time required for construction processes thanks to the use of innovative connections that materially speed up the assembly on site; the project will enable the Group to manufacture such connections on its own, which will minimise the risk of delays as in the case of subcontractors.
- Adapting the production process to the decreasing availability of workforce, including through automation, accompanied by improvements in productivity and quality parameters and the elimination of errors.
- Increasing the share of more environmentally friendly solutions (e.g. research into the use of green concrete in prefabrication).
- Integration of R&D personnel, previously conducting research and development within the dispersed Design Department.
- Enrichment of the existing apparatus with advanced research and development equipment, enabling undertaking R&D work in areas that have been out of reach thus far.
- Modernisation of the existing infrastructure in order to create appropriate conditions for the installation of equipment and preparation of work stations for specialist R&D personnel.
-

As part of the strategy chosen by the Management Board to automate production in production plants, a Pekabex Engineering unit dedicated to, among other things, tasks related to the implementation of this strategy was established within the Group's organisational structure in 2020. The Group's Management Board believes that new technologies are the future, which is why Pekabex Engineering employs high-class specialists whose primary duty is to strive to streamline, improve, and perfect production processes based on innovative solutions. The team consists of engineers, including design engineers and automation specialists, who carry out the processes of design and development of machines and production equipment, prepare their specifications, and carry out installation, commissioning, and measurement. Pekabex Engineering has developed more than 200 projects, the vast majority of which have been completed and several dozen are in progress. For some, patent applications have been filed for legal protection; the applications are being processed by the Patent Office. The team's major achievements include the automation of the concrete batching plant by altering kinetics and developing remote control via a mobile app; the development of an automatically folding mould core for bathroom modules; and the development of a machine for tensioning tendons on prestressed lines. A truck for transporting weights on hollow core slab lines that automatically follows the saw and does not require an operator, a 10 chamber battery mould for columns, allowing the movement of individual sides to be controlled through the operator's console; and a mesh bender that allows a 12-metre reinforcement basket for columns to be made automatically. A carousel line with equipment such as production pallets, a transverse travel trolley with production pallet, a longitudinal travel trolley with production pallet (central shifter), a device that changes the orientation of the pallet from horizontal to vertical, an oiler with integrated pallet cleaner, positioners for production pallets, a concrete paver and a vibration station for the production pallet are also undergoing tests.

The Group has been working on the development of prefabrication technology for years. In order to effectively compete on the market, Pekabex has developed a number of innovative solutions, which it has applied for as utility models and inventions. These include process-accelerating connectors for prefabricated elements, modern and high quality finished prefabricated elements and innovative technological processes. To date, the Group has filed 20 utility models with the Patent Office, of which it has received 17 protection rights and is awaiting decisions on the remaining applications. In addition, in 2021, the Group purchased 1 utility model from an external entity. The Group has received 2 patents and is still awaiting the issuance of patents for 6 inventions submitted for registration (1 submitted in 2017, 1 in 2019, 1 in 2020, 1 in 2021, 1 in 2022 and 1 in

2023). The Group filed 2 trademarks with the Patent Office in 2005 (protection was granted in 2007) and another 3 were filed in 2019 (protection was granted in 2020), with 1 trademark being filed with the Patent Office of the Republic of Poland, and 2 with the European Union Intellectual Property Office.

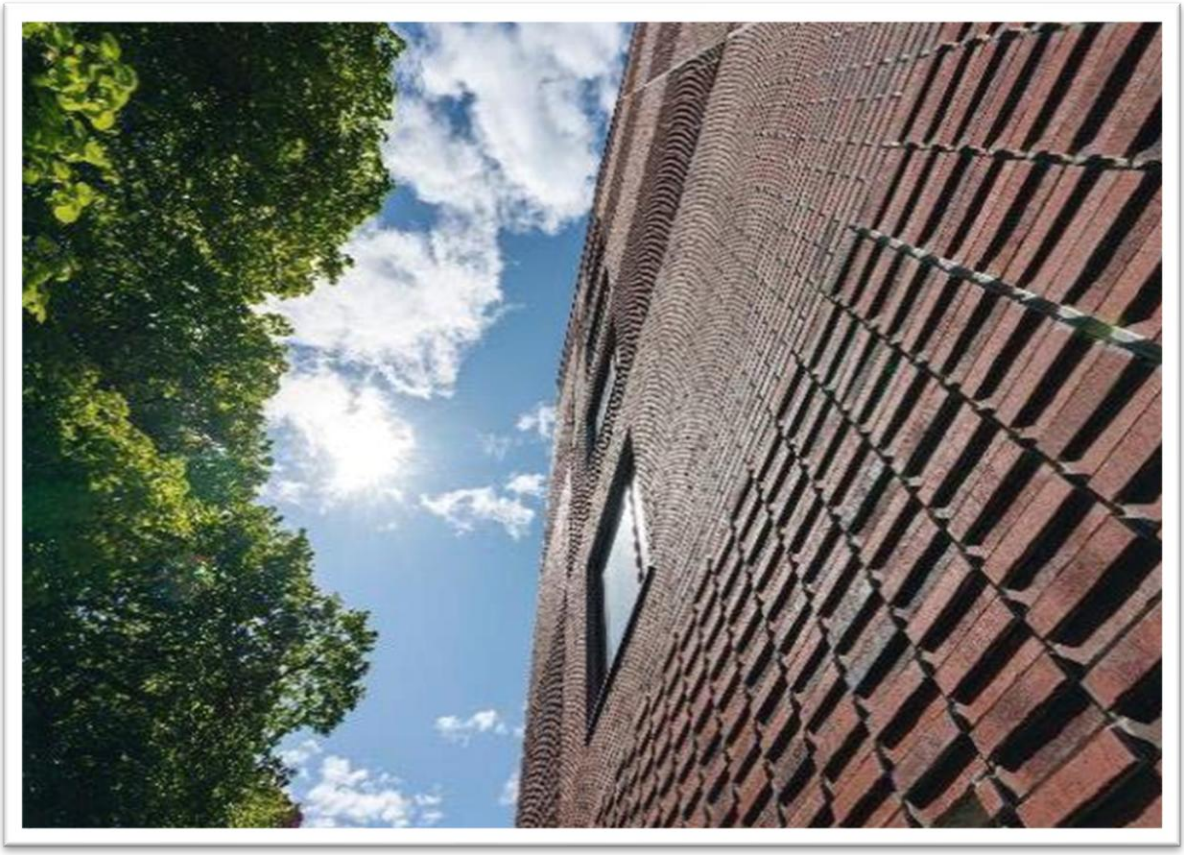
The main objectives of the research and development work is to improve the production process by standardising the components and their layouts, and speeding up the assembly process on site. The Management Board of the Group is also convinced that achieving the highest possible repeatability of processes will be conducive to increasing the precision of workmanship, independent production of most elements and accessories and lowering unit costs.

In 2023, the Group completed a research and development project funded from the Intelligent Development Operational Programme 2014-2020 under Submeasure 1.1.1. “Industrial research and development work carried out by enterprises” for the implementation of an innovative project called “Research and development work on the development of an innovative prefabricated bathroom module together with its production technology”. The project concerns the development, as part of R&D work, of internationally innovative prefabricated bathroom modules intended for multi-family housing and public utility buildings as well as administrative and office parts of industrial facilities, together with a new technology for their production. Bathroom modules will complement Pekabex range of construction elements in the aforementioned areas, and bring a number of advantages and benefits to customers by increasing the degree of prefabrication of the entire building and shortening the time of investment execution. The research
carried out resulted in an application for registration of a patent for the “Prefabricated bathroom module and method of joining concrete elements” to the Patent Office in early 2023. The total cost of the Project is PLN 8,803 thousand. The total amount of eligible expenditure is PLN 8,803 thousand. The value of the grant is PLN 4,034 thousand.
In 2023, the Group completed a project funded from the Intelligent Development Operational Programme 2014-2020 under Submeasure 1.1.1. “Industrial research and development work carried out by enterprises” for the implementation of an innovative project called “Research and development work on the development of an advanced IT system using AI algorithms for intelligent measurement and quality control in the concrete prefabricated elements production and logistics system in accordance with the concept of Industry 4.0”. The work consisted of the development, as part of R&D, of a comprehensive control and measurement system based on photogrammetry and laser. This used 3D CAD models and visual operator control (tablet, phone, AR goggles) while managing a network of sensors to monitor the energy consumption of production equipment. Ultimately, the system also enables automatic calculation of energy consumption per prefabricated unit in application of the SCADA system and intelligent switching from the grid to RES (PV panels), thus reducing primary energy consumption. The planned cost of the project was PLN 9,261 thousand, and the grant awarded by the National Centre for Research and Development amounted to, in line with the agreement, PLN 5,224 thousand.

In June 2024, the Group received a positive decision on obtaining funding for its application submitted under Priority I of the European Funds for a Modern Economy (FENG) 2021-2027 programme. Project title: “Development, as part of R&D works, of an innovative prefabricated industrial hall construction system based on PEKABEX BET S.A.’s proprietary material, construction and IT solutions, together with the creation of an environmentally-friendly automated production technology”. The project started on 1 December 2023 and will run until 30 September 2027. The cost of the project is PLN 35,617 thousand (eligible costs), and the grant awarded for this is PLN 14,304 thousand.

In June 2024, the Group received a positive decision on obtaining funding for its application submitted under Priority I of the European Funds for a Modern Economy (FENG) 2021-2027 programme. Project title: “Innovative prefabricated thin-walled three-layer wall system for passive house construction using CSA-based chemical compression method”. The project started on 1 June 2024 and will run until 31 March 2027. The cost of the project is PLN 21,477 thousand (eligible expenses), and the grant awarded for this is PLN 10,834 thousand. The project will mainly be implemented by the Research and Development Module. The project involves the development of an internationally innovative three-layer prefabricated wall system with a thinset façade layer made for the first time in the prefabrication industry using CSA-based chemical compression technology.

Pekabex actively supports scientific conferences and seminars as a sponsor and substantive contributor. The Group representatives attend the most interesting industry events, either alone or together with partners. In 2024, Pekabex participated in events such as the “Structural Failures” Conference at the West Pomeranian University of Technology, the PZFD Developers’ Congress, the 8th SPB Conference “Aerated Concrete and Concrete Prefabrication in Construction”, the Go To The Future ESG Conference, and was also the organiser of events such as PKX DESIGN MEETING 2024 – a series of workshops conducted by the best specialists in prefabrication – designers, production and assembly engineers. The meetings were attended by architects, representatives of design offices, construction companies and developers.



Altplatsen, Gothenburg, Sweden

2.3 Integrated Management System

The Pekabex Group provides customers with the highest quality products and services, while striving to minimise the negative impact of the Group's operations on the environment and with high standards of occupational health and safety. In 2021, the Group implemented an Integrated Management System (IMS) to manage the Group's key processes holistically. This fits in with the organisation's strategy of continuous improvement in operational efficiency and self-improvement. The Pekabex Group's Integrated Management System includes:

Quality Management System ISO 9001
The Quality Management System supports the optimisation of the Group's activities and processes and, through an in-depth analysis of the organisational context and stakeholder expectations, enables even greater targeting. In addition, the identification of risks and opportunities that could potentially affect the Group's operations increases the efficiency and repeatability of the processes in place.

Environmental Management System ISO 14001
The requirements of the Environmental Management System concern the systematic adaptation of the organisation's planning and process methods to sustainability standards. In addition, raising environmental awareness among employees and external stakeholders is an important element of the System.

Health and Safety Management System according to ISO 45001
The main task of the Health and Safety Management System is to support activities on improving health and safety at work. Based on legislation, as well as hazard identification, risk assessment and health and safety risk and opportunity assessments, the system creates an effective accident prevention tool and allows the effective management of employee safety.

Quality management in production plants
The Group is constantly improving its Quality Management System in order to meet the customers' requirements in the best possible way. The quality of prefabricated products is confirmed by numerous awards and distinctions, especially the certificates that the company holds. Products are subject to continuous monitoring, both internal and external. The Group is constantly developing the possibilities of expanding its range of prefabricated elements, thus creating the need for

continuous self-improvement and introduction of new technologies. The Group's products are subject to quality control carried out in the Group for compliance with the requirements of Regulation (EU) No 305/2011 of the European Parliament and of the Council of 9 March 2011 and the Act of 16 April 2004 on construction products, as amended. Ongoing control over the quality of production of prefabricated reinforced concrete elements, at all stages of the process in each of the 6 plants, was carried out by the Production Departments, and in the scope of quality control, by the Quality Control Departments. This inspection was carried out in accordance with the Manufacturing Quality Control (Zakładowa Kontrola Produkcji, ZKP) procedures. The scope of production and control described in the ZKP procedures defines the technology of production, principles of supervision and indicates the performance of necessary tests of reinforcement steel and concrete. The quality of the product, the production control and the conformity assessment of the requirements is analysed according to the standards specified in the technical documentation in terms of the acceptable level of quality, the required tolerances, which is the basis for releasing the product for further processing or to the finished products warehouse.

2.4. Supply chain

The Group has a reliable set of suppliers of key raw materials and consumables for the production of prefabricated elements, in particular steel, cement and aggregate. The Group's supplier structure is dispersed, which means that the Group is not dependent on one or a few entities. The Group purchases based on cooperation agreements with regular suppliers within the scope of key assortment and services (cement, steel, aggregate, plywood, accessories, chemicals, insulation, transport services). Framework agreements include payment terms, discount conditions and trade credit amounts, but do not constitute an obligation; materials, raw materials and services are supplied on the basis of current orders.

In 2024, over 92% of the purchases (Group supplies) were made from domestic suppliers. Foreign suppliers come primarily from countries such as Germany, Italy, France, Hungary and the Netherlands. The Group continues to expand its group of international suppliers and, in relation to last year, cooperation was undertaken with new suppliers from the following countries: Slovakia, Finland, Denmark, China, England, Ireland, Slovakia, Finland, Denmark, China, England and Ireland. Key raw materials and materials procured by the Group include steel, cement, aggregates, plywood, accessories and construction chemicals. Key purchases also include transport services and subcontracting services related to the execution of contracts in the general contracting formula.
The Pekabex Group has a centralised Purchasing Department with the headquarters in Poznań. Purchases are made in accordance with the reported demand using modern tools, including the purchasing platform, which accelerates and streamlines communication with suppliers. In addition, merchants are increasingly using AI to optimise inventory management, predict demand and plan the entire supply chain more effectively. A separate purchasing centre is the General Contracting Department, which specialises in purchasing logistics securing the performance of contracts within the Group's business segment – Execution of contracts – construction services.

The most labour-intensive part of the purchasing processes is the organisation of deliveries to the Maintenance Department. Purchases of specialised machinery, equipment and spare parts require technical expertise, knowledge of the industry and are often urgent. They are characterised by a huge variety of purchased materials. The group of labour-complex purchases includes the purchase of aggregate, gravel and sand as they require separate purchase conditions for each plant. In order to ensure optimal pricing and logistics, the Group uses block train transport, where over 2,000 tonnes of aggregate are transported directly from the mine in a single train. A separate issue are foreign purchases, including the purchase of steel, plywood and thermal insulation, and partly fixed assets. Price volatility related to fluctuations in inflation, energy, gas, fuel prices, and exchange rate volatility makes the purchasing process more labour-intensive by requiring better planning and consideration of market predictions. Among other things, this includes the example of plywood, where the ban on its import from Russia forced the Purchasing Department to reorganise its purchasing strategy and we turned directly to Asian suppliers for less demanding plywood. The least labour-intensive purchases include orders for the supply of such products as chemicals (concrete additives), wood, connecting elements, fuels, etc. They are repeatable and thus the execution process is systematic.

In the Purchasing Department, individual buyers are responsible for specific purchasing categories, e.g. steel, aggregates, thermal insulation, tools. In 2024, Pekabex had 687 active suppliers in its database, with whom it completed around 9,876 orders. The COVID-19 pandemic and the outbreak of war in Ukraine had a significant impact on changing the purchasing processes of some materials and raw materials used in the construction industry. Stunted flows of goods and services from Ukraine, Belarus and Russia and unstable supplies from non-European directions have forced changes in the organisation of international supply chains. In the period 2020-2022, it was necessary to improve the resilience of the supply chain, which included the levelling of internal and external factors causing disruption to the supply chain. The adaptation of the markets to the new reality has been dynamic, but we are now facing a situation of effective adaptation and stabilisation of the market situation. However, the probability of geopolitical turmoil is still assessed as high, so a future negative impact on the functioning of market players cannot be ruled out. The Group has developed mechanisms to reduce risk and ensure an adequate level of logistics service even in a volatile and unpredictable market environment. Thanks to the ability to react dynamically and a high level of coordination of purchasing processes, the necessary solutions can be applied quickly.

Following the turbulence on the electricity market between 2020 and 2022, where the price of energy on the exchange oscillated between PLN 0.7 k/MWh and PLN 3.5 k/MWh, the Management Board of Pekabex Group, after a thorough analysis by the Purchasing Department, has chosen the path of purchasing 90% of its electricity from the exchange, with the application of the prices on the day-ahead price market (DAM). DAM is about setting the price on a given day for the next day and, most importantly, combines renewable and coal-fired power, i.e. the more solar panels and windmills work, the cheaper the energy is, because generating MWh from renewable sources is significantly more competitive and greener than coal-fired power. The situation was made all the more difficult by the fact that the Group, as a large entity, could not take advantage of the maximum price that the government had set for small and medium-sized entities at PLN 780/MWh. However, in 2023, the validity of Pekabex strategy was confirmed, as the average energy price on DAM oscillated below the maximum price set by the Polish government, i.e. PLN 546/MWh. In contrast, in 2024, the average price of energy on RDN and forward contracts for the Pekabex Group was PLN 563/MWh, including PLN 477/MWh on RDN itself.

With regard to gas, the Group had a forward contract in place until the end of 2023 with the price below PLN 150/MWh; again, the Management Board, together with the Purchasing Department, has made the right decision that allows for considerable savings compared to the prices on the gas exchange in 2023 – a maximum of PLN 500/MWh. Following the expiry of the gas futures contract, taking into account the forecasts for gas prices, the Group decided to switch to purchasing gas on the DAT (Day-Ahead-Trading), which is a component of the spot market and allows gas purchases to be adjusted to its current demand. As recently as December 2023, prices for the annual product with delivery in 2025 exceeded PLN 200/MWh. In 2024, gas purchases for the Group amounted to PLN 200.74/MWh, which was a very good result in relation to forward contracts.

The Pekabex Group's supplier classification process is carried out in accordance with the ISO 9001:2015 standard. In the case of key processes, the Group cooperates only with entities that it has placed on the list of qualified suppliers. The application for inclusion on this list takes the form of a questionnaire to be completed by the supplier candidate. The questionnaire is verified by the Purchasing Department and the Quality Control Department. In the case of strategic materials used for production, their quality is additionally verified by accredited laboratories before the supplier is included on the list of qualified suppliers. The Group also performs periodic supplier verification in accordance with the ISO 9001:2015 standard. The objective of the verification is not only to analyse the quality of delivered products, but also to build good relationships throughout the supply chain by continuously improving the purchasing process.

Execution of deliveries to contracting parties is a very important element of the supply chain. Transportation to the construction sites is outsourced to external entities with which Pekabex cooperates on a regular basis. Depending on the location of the investment, deliveries are made by land, sea or using both modes of transport. In land transport, the Group uses, for instance, standard trailers designed for elements whose dimensions fall within the gauge of this type of set: 13.6 m in length, 2.45 m in width and 2.6 m in height. Equally often, the Group uses platforms characterised by a similar load capacity in terms of dimensions and weight; the visible difference is the lack of a tarpaulin, which allows faster loading/unloading of items wider than 2.45 m. Other semi-trailers used by the Group fall into the category of specialised fleets, as they enable the transport of elements with extreme parameters: weight up to 100 tonnes, height up to 4 metres and overall length above 40 metres. This type of fleet includes, among others, inloaders and nachlaufer-type trailers.
Oversized transport, which accounts for approx. 50% of all deliveries, requires special planning. It takes place between 10:00 p.m. and 6:00 a.m. and requires appropriate permits. Delivery of oversized elements often involves changes to the infrastructure, e.g. removing road signs or widening specific road sections.

3. Activity of the Pekabex Group in 2024

3.1. Events with a significant impact on the operations and financial results of the Pekabex Group

2024 was a very challenging year for the construction industry, including the Pekabex Group. Referring to data on the dynamics of construction and assembly production for the entire 2024, compared to 2023, there was a 6.7% decrease in construction and assembly production in companies involved in civil engineering construction and, respectively, 7.3% and 9.8% in companies involved in building construction and specialised construction works. The indicators from construction and assembly production are a translation of what has been happening in the public procurement market and the contracts already in place in the previous two years. On top of this, high inflation and the cost of capital have affected the decrease in private investment. In 2024, companies in the construction industry were most affected by difficulties related to employment costs and insufficient demand, as well as uncertainty about the overall economic situation. To a lesser extent, in 2024, construction companies experienced difficulties related to unclear and inconsistent legal regulations and barriers related to material costs. The construction industry in Poland is experiencing its third period of stagnation since Poland's accession to the European Union, with the previous ones occurring in 2013 and 2016. The worsening situation in the construction industry is also linked to delays in the inflow of EU funds. However, the forecasts for the construction industry for the years 2027-2029 are optimistic. The funds released from the National Recovery Plan and planned infrastructure investments, particularly those related to PKP PLK and the General Directorate for National Roads and Motorways (GDDKiA), will stimulate the construction market. Investments related to the energy industry are also planned, as well as those planned by the Ministry of National Defence and local governments.
The Group increased its order portfolio in 2024 and at the end of December 2024, the Group's backlog amounted to PLN 1,713,200 thousand, which represents an increase of PLN 421,332 thousand (i.e. an increase of 24.6%) compared to 2023, and an increase of PLN 587,098 thousand compared to the end of 2022 (i.e. an increase of 34.3%).

In 2024, the Group was executing 423 construction contracts, including 84 abroad, both in the comprehensive investment execution formula and as a supplier of prefabricated structures. The contracts were for different types of facilities with different scopes. The investments completed by the Pekabex Group in 2024 were characterised by great diversity in terms of design, production and logistics. The Group has carried out projects for the most demanding clients from Poland and Europe. The Group's presence of more than 50 years in the market has allowed it to gain experience that enhances its effectiveness in contract execution, while at the same time ensuring the security of the organisation's development and proper relations with ordering parties and investors.

When implementing projects, Pekabex strives to optimise all aspects and conditions of the project, taking into account the expectations of each party. The Group's activity has a real impact on infrastructure, and thus on the surroundings and the quality of life of the residents. The high quality of the components produced by the Group is matched by their durability, aesthetics and speed of construction. These are the features that make prefabrication technology increasingly popular and its market share growing. In addition, in view of the market transformation in the approach to the issue of reducing the impact of construction on the climate, one of the Group's priorities is to work on new technologies that will allow the production of low-emission prefabricated elements whose carbon footprint will be significantly reduced. Pekabex offers retail, office, infrastructure, residential, industrial, warehousing and logistics, public utility and non-standard facilities.

In 2024, the Group's largest client was Erbud S.A., for which the Group supplied prefabricated elements for one of last year's largest investments, Baltic Towers in Gdańsk – revenue from sales to this contractor accounted for 4.6% of the Group's revenue and belonged to the execution of contracts – prefabrication segment and Cersanit S.A. – revenue from sales to this contractor accounted for 4.2% of the Group's revenue and belonged to the execution of contracts – construction services and the execution of contracts – prefabrication segments.

Characteristics of ongoing contracts
In 2024, the Group was executing construction contracts both in the comprehensive investment execution formula and as a supplier of prefabricated structures. The contracts were for different types of facilities and had different scopes. The projects implemented by the Pekabex Group are characterised by great diversity in terms of design, production and logistics. The Group has carried out projects for the most demanding clients from Poland and Europe. The presence of more than 50 years in the market has allowed it to gain experience that enhances its effectiveness in contract execution, while at the same time ensuring the security of the organisation's development and proper relations with ordering parties and investors. When implementing projects, Pekabex strives to optimise all aspects and conditions of the project, taking into account the expectations of each party. The Group's activity has a real impact on infrastructure, and thus on the surroundings and the

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Industrial facilities

The Group has a wealth of experience and all the necessary resources, from design to production, transport and its own assembly teams, which ensure that it meets the highest demands of the industrial construction process.

Important arguments in favour of choosing concrete prefabrication technology for the construction of industrial facilities are its high safety and durability. This applies in particular to the resistance of structures to unintended external loads, such as heavy rainfall or fire. In the case of industrial buildings, the risk of failure or structural collapse may be higher due to the specific nature of their use and the large surface area of their roofs. The intensification of extreme weather events observed in recent decades, resulting from global climate change, places additional demands on the roof structures of large-scale halls. The use of concrete prefabrication technology is the answer to these challenges. Prestressed concrete girders are significantly more resistant to uncontrolled overloads, such as rainwater accumulation due to a faulty drainage system, than their counterparts made of steel or glued laminated timber. Roofs constructed using this technology are characterised by greater stability and the ability to bear additional loads not taken into account at the design stage.

The fire resistance of prefabricated elements, such as prestressed concrete girders, is significantly higher compared to steel or timber structures. It is worth noting that in the case of roof structures, prestressed structures, the fire resistance class is obtained as a bonus, even if it is not legally required, but may be important, for example, for the tenant or insurer, which means a higher level of fire safety without incurring additional costs. The natural fire resistance of these structures eliminates the need for additional costly fire protection measures, which are necessary in the case of steel elements, thus positively affecting the economics of the entire investment. Reinforced concrete elements, including prestressed ones, without additional fire protection measures can achieve fire resistance classes R30, R60 and even higher, depending on their dimensions and the thickness of the concrete cover.

In 2024, the Group continued its cooperation with companies from the food processing industry. In October, the Group signed another agreement with Putka sp. z o.o. The subject of the agreement is the expansion of the bakery plant with a new production and storage hall, along with the expansion of the shipping section with a cloakroom complex and technical rooms in Ożarów Mazowiecki. The entire investment will be carried out using reinforced concrete prefabricated technology, which has been proven for this type of facility, in accordance with the highest standards required for the food industry. In the second half of 2024, the Group signed an agreement for the construction of a milk processing plant with OSM in Bieruń and a contract for the construction of a fish processing and storage plant with Aitel Seafood sp. z o.o. The latter investment will be supported by funds from the National Recovery Plan. The facility will meet the stringent "Foodsafe" (clean design) food production standards and will also be equipped with a photovoltaic installation and other renewable energy sources, making it a low-emission building. Thanks to this investment, Aitel Seafood, with production facilities in Poland and Iceland, will increase its production capacity and implement further innovative solutions in the fish processing industry.

In the first half of 2024, the Group signed an agreement with IONWAY Poland Sp. z o.o. The subject of the agreement is the construction of a plant for the production of components for electric batteries. The works are scheduled to be completed in the second half of 2025. IONWAY is supported by Umicore and PowerCo, a Volkswagen Group company. The construction of the plant is an important step towards increasing the European Union's role as a major player in the global electromobility market. The production plant will be built in Nysa, near Umicore's existing factory. IONWAY's ambitions are to increase the company's annual production capacity to 160 GWh by the end of 2030, which corresponds to 2.2 million electric vehicles. As a result, IONWAY will support the implementation of the European Green Deal's ambitions.

In March 2024, the Group signed an agreement with Erbud S.A. for the design, manufacture, supply and assembly of a prefabricated reinforced concrete structure for the investment entitled: "Design and construction of a three-aisle tower production hall for offshore wind energy _MEW_ on Ostrów Island in Gdańsk". The construction of Baltic Towers, an offshore wind tower factory in Gdańsk, is one of the largest projects in the history of the Pekabex Group. Baltic Towers, owned by Agencja Rozwoju Przemysłu S.A., in cooperation with the Spanish company GRI Renewable Industries, S.L., will produce up to 150 offshore wind towers per year. The cornerstone was laid on 5 June 2024, and the project, carried out by the general contractor Erbud, is scheduled for completion in the second quarter of 2025. The construction of the wind turbine production and storage hall consists of a main 3-bay hall and two smaller halls. The main hall will measure 136 m x 377 m and will be 35.5 m high. Its main structure consists of prestressed main columns 33.6 m high with a cross-section of 0.6 m x 2.8 m. Each column weighs 75 tonnes. Each nave of the building has been designed with 1.8 m high crane beams weighing 35 tonnes. The whole structure is topped with a roof structure with girders with a maximum span of 55 m and a weight of 65 tonnes. The cornerstone was laid on 5 June 2024, and the project, carried out by the general contractor Erbud, is scheduled for completion in the second quarter of 2025. The construction of the wind turbine production and storage hall consists of a main 3-aisle hall and two smaller halls. The main hall will measure 136 m x 377 m and will be 35.5 m high. Its main structure consists of prestressed main columns 33.6 m high with a cross-section of 0.6 m x 2.8 m. Each column weighs 75 tonnes. Each aisle of the building has been designed with 1.8 m high crane beams weighing 35 tonnes. The whole structure is topped with a roof construction with girders with a maximum span of 55 metres and a weight of 65 tonnes.

In 2024, the Group also continued its cooperation with TSL on the implementation of server room construction projects in Germany, and in November 2024, it signed another significant agreement for the supply and installation of works as part of an investment in the Hesse land in Germany.

Warehouse and logistics facilities

Hall construction contracts are projects that have become the Pekabex Group's calling card. Warehouse and logistics halls made of prefabricated concrete elements guarantee the high quality and functionality of the buildings, but also faster project completion and lower labour costs on the construction site than in the case of traditional technology, which is very important from the investor's point of view. Modern prefabrication also fits in with market expectations for sustainable construction. Fewer materials needed for construction, the possibility of using greener raw materials – such as low-emission concrete, less steel consumption than with traditional hall constructions – all of this determines the product's smaller carbon footprint. In addition, the facilities built by the Group have a high load-bearing capacity, and allow the use of photovoltaics on roofs, grey water systems and much more. A number of Pekabex projects are also certified under the BREEAM or LEED systems, which confirms the application of environmentally and socially responsible solutions.

In November 2024, the Group commenced construction of a production and storage hall with a usable area of approx. 6,000 m² with office and social facilities in Ocieszyn near Poznań for MHK-EXPO Sp. z o.o SK. The investor specialises in the professional furnishing and construction of exhibition stands around the world, so its new headquarters will be very modern and representative. The entire investment, including obtaining an occupancy permit, will be completed by the second quarter of 2025. In 2024, Pekabex also signed an agreement with Prime Park for the construction of a modern retail park in Nowogard. The 13,131 m² investment will be built in an excellent location at aleja Armii Krajowej, next to provincial road No. 106, just 300 metres from the S6 route.

In August 2024, the Group completed its third facility at Park Prologis Ruda Śląska. The DC3 warehouse, built for tenant InPost, passed its acceptance inspections and obtained its occupancy permit. The warehouse with an area of 11,000 m², whose construction began in January, was completed ahead of schedule. In June 2024, the Group commenced construction of the adjacent DC2 hall with an area of 36,000 m². Rapid assembly of this facility was possible thanks to the use of a hybrid system, i.e. the assembly of columns on stakes and bolted connections in the Peikko system. Thanks to the reduction in the assembly time of prefabricated elements, work on the industrial floor in the 16,000 m² hall began just three months after the ground-breaking ceremony. This phase was also completed in record time. The construction of both facilities is being carried out under the "design and build" formula by the General Contracting division in Bielsko-Biała.

Residential buildings

The Group created a product dedicated to residential buildings – "Pekabex® Residential Buildings System". Prefabricated modules from Pekabex element catalogue enable quick, safe and economical construction of comfortable and architecturally interesting buildings. The system both guarantees the high quality of the constructed facilities and optimises construction costs and time. In terms of the growth of the real estate development segment, the Group finds that the Scandinavian market is of particular importance. Despite the crisis of the last two years in the Swedish housing market, the Group continues to plan to develop sales in that region, which is also possible thanks to Pekabex modern factory in Gdańsk, which opened in 2020. The Group has a long-standing partnership in the Scandinavian market with companies such as Skanska, Smidmek, Veidekke and NCC. The Scandinavian market is a demanding market, where great attention is paid not only to the quality of the products and services offered, but also to sustainability issues, i.e. energy efficiency of buildings, the product life cycle, the low carbon footprint of the solutions offered, the reduction of the nuisance of the construction area for local residents, the protection of biodiversity, or the efficiency of waste management. In addition, the buildings on offer must be aesthetically pleasing and fit in with the building style that is characteristic of the local area. The Group offers products and services to a standard that meets the requirements of the Scandinavian market. The ability to adapt to new challenges and the constant work to improve the product and service solutions offered to customers enables the Group's business in that area to grow rapidly.

As part of its business development in Sweden, BetBygg Sverige AB, a Swedish company belonging to the Group, has undertaken a contract for general contracting under the "design and build" formula. The contract involves the construction of four residential buildings with rental premises in Kungsängen near Stockholm. The four buildings will contain a total of 148 flats. The buildings are set in a stepped position on the south-facing rock slope. The design is inspired by nature and is intended to harmonise visually with the nearby Mälaren Lake. The construction of the facilities is based on prefabrication. A major challenge was preparing the site for the investment due to the rocky ground. The buildings will undergo Svanen environmental certification at the Silver level. Commissioning of the project will take place in 2025.

The Group is also successfully developing its residential general contracting business across the country. This is based on its experience gained in previous years through, among other things, the implementation of significant contracts for the construction of housing estates under the government's "Mieszkanie Plus" programme in Toruń and Sianów. In January 2024, the Group signed another agreement for the execution of a multi-family residential investment in Elbląg, at Legionów Street.

In October 2023, the Group signed a development contract for TREI Real Estate Group, which involves a PRS investment with institutional rental housing. This is the first investment of its kind in Poland with the Pekabex Group as general contractor. The investment will be spread over two phases, with a total of 450 residential units, including studios and two-room flats. A total of three 9-, 10- and 17-storey buildings will be constructed, all set on a two-level underground garage. The implementation of the project involves a number of challenges related to, among other things, the small size of the building plot located in close proximity to existing buildings, the phasing of the work and the conduct of a multi-stakeholder design process. The total residential area of the investment is planned at 20,000 m², and retail space is also assumed. The assumed lead time for the project is 32 months. In March 2024, the Group signed an agreement with Fabriano for the construction of a dormitory with an underground garage and the necessary technical infrastructure. The development will be built at ul. Puławska 248 in Warsaw. The project will create 360 student rooms with shared facilities such as kitchens, dining rooms, a lounge, a gym and a cinema room. Completion is scheduled for August 2025.

Pekabex also works with residential developers and supplies its products as part of its cooperation with such companies in this sector as Echo Investments (Enter Estate in Poznań at Sielawy Street), or TTS Development (Panorama Estate in Lublin). The Group is also successfully pursuing its own projects by developing a business line of own-account property development investments. In 2024, the Group completed the Casa Baia apartment investment in Hel, the next stage of construction of the Ja_Sielska housing estate in Poznań, the Origin ReVital Mechelinki health complex, the Neonowe housing estate in Częstochowa, as well as the Group's pilot project on the German market involving the construction of residential buildings in Falkensee near Berlin. The residential investments carried out by the Group in 2024 are described later in this report.

The Pekabex Group also offers P.HOMES, a system for the construction of single-family houses in prefabrication technology. Thanks to the use of modern technology, solid, comfortable and ergonomic modular houses are built in half the time of traditional constructions. The offer is primarily aimed at the individual customer.

Public utility facilities

The Group's operations include the execution of contracts related to public utility facilities such as schools, kindergartens, universities, medical institutions, cultural and sports facilities. In 2024, the Group executed approx. 20 contracts related to the construction or modernisation of public utility facilities both in Poland and abroad.

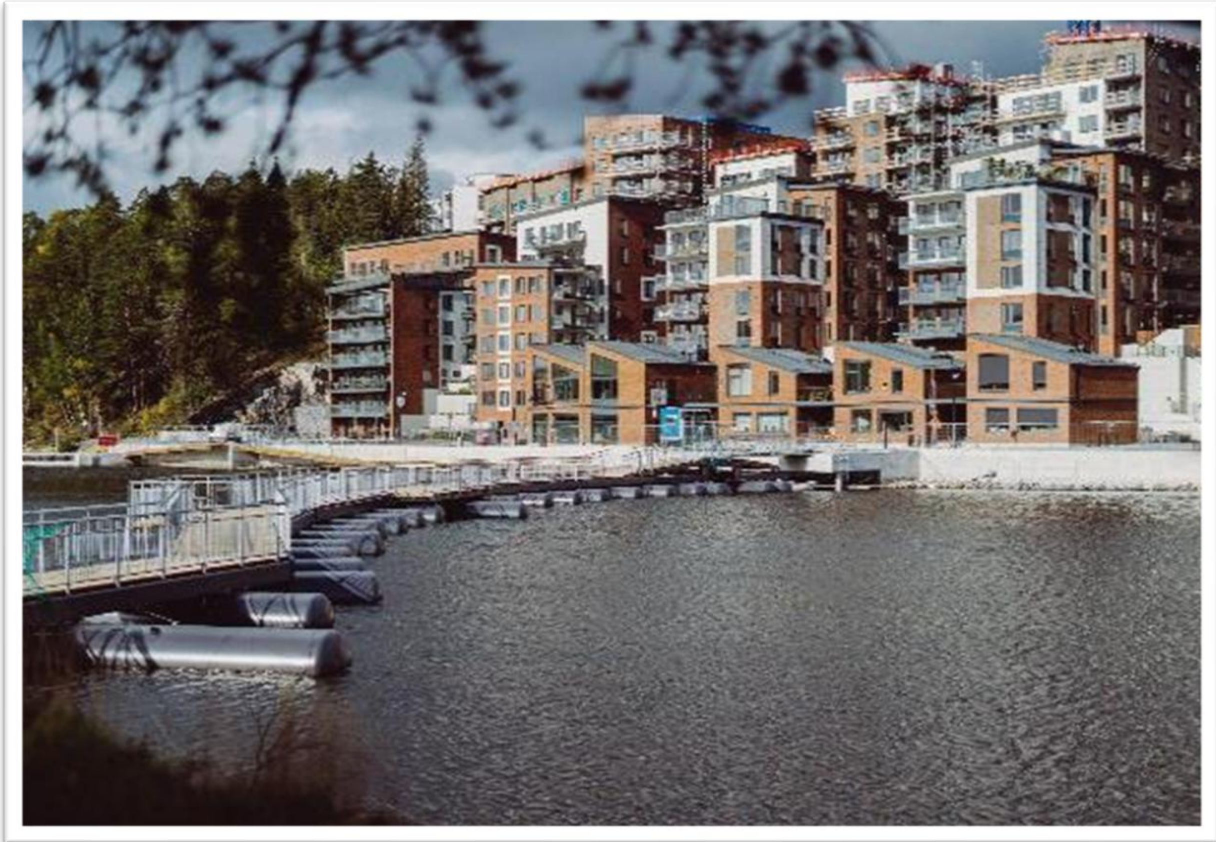
One of the significant contracts signed by the Group in 2024 for the construction of a public utility building is the agreement with the Medical University of Łódź for the construction of the U1 building – the Teaching Support Centre of the Medical University of Łódź, under the "design and build" formula. The facility will be constructed using innovative prefabrication technology, with completion scheduled for spring 2026.

In 2024, the Group co-implemented the Korty Bielsko-Biała investment, which was a long-awaited project for the local community. The structure manufactured by Pekabex is supplied to Osedax, which is responsible for the design and assembly. The solutions proposed by the Group have made it possible to create a spacious area that meets the requirements for tennis tournaments and training sessions. In addition, the walls of the hall will be decorated with brick arches, giving the facility a classic and elegant look, while also referring to local history and tradition. The entire investment aims to create a modern and functional tennis centre that is attractive to both professionals and amateurs of the sport. The Bielsko-Biała courts have the chance to become a new sporting icon in the region, attracting both the local community and tourists from outside.

In 2024, Betbygg Sverige Ab, a general contractor in Sweden, signed an agreement with Sherwin-Williams Sweden to build a new research laboratory in Märsta. The new laboratory will consist of two levels, designed for industrial and laboratory activities, with flexible spaces adapted to future needs. The ground floor will house laboratories, offices and staff rooms, while the second floor will feature exhibition spaces and meeting rooms for up to 150 people. Approximately 60 people will work in the building, which is an increase from the current 35 employees.

Infrastructure facilities
Pekabex has many years of experience in manufacturing elements for infrastructure construction. Thanks to our extensive knowledge of industrial processes, we sign contracts even for very unusual projects. The hallmarks of our projects are high quality and an innovative approach to unusual spatial conditions. One of the latest infrastructure products developed by the Group, in conjunction with Sika Poland (a representative of the Group's speciality chemicals for the construction industry), is the "Integrated surfacing system for road-rail crossings". The system consists of a prefabricated infrastructure system (Pekabex construction) and a rail fixing system (Sika). The innovative technological solution used in the "System" ensures that the component is embedded in a flexible and vibration-absorbing material. The system has received a National Technical Assessment and PKP Approval.

Pekabex has extensive experience in the manufacture of tubing components. The largest contract to date for this type of element is the realisation as part of Poland's largest investment project "Improvement of the Łódź Railway Node – Łódź Fabryczna – Łódź Kaliska/ Łódź Żabieniec section". A total of approx. 30,000 prefabricated tunnel lining elements, known as tubing, were built as part of the project. The contract was completed in 2024. The second major contract, for the production and supply of tubings as part of a project under construction in Berlin, is a contract also signed in 2020 with Implenia Construction GmbH NL Tunnelbau based in Munich. In 2022, the Pekabex Group signed another tubing supply contract with this contracting party. The subject of the contract was the manufacture and delivery of 971 rings with a diameter of 4.30 m (5,286 elements with a total volume of 4,392 m³ of concrete). The contract is scheduled to be completed in 2025.



Tollare Marina and Tollare Terrass, Stockholm, Sweden

3.2. Significant construction contracts signed during the reporting period and after the balance sheet date

The Group considers contracts whose value exceeds 5 percent of the consolidated equity of the Parent Company according to the last published annual consolidated financial statements to be significant. Between 1 January and 31 December 2024, and between 1 January 2025 and the date of publication of this report, the companies of the Pekabex S.A. Group concluded significant contracts for the supply of goods and construction works. Information on the contracts that meet the materiality criterion adopted by the Group is presented below.

(all amounts in PLN thousand unless otherwise stated)

Contract signing date:	Contracting party	Subject of the contract	Contract value [2]	Contract currency
10 January 2024	MDR Inwestycje 12 sp. z o.o.	The subject of the contract is the implementation of a multi-family residential investment in Elbląg at Legionów Street.	3%	PLN
29 January 2024	Prologis Poland CVIII sp. z o.o.	The subject of the contract is the construction of a warehouse and production hall with social and office facilities and associated technical infrastructure DC 3 Prologis Park Ruda Śląska.	3%	PLN
14 March 2024	Erbud S.A.	The subject of the contract is the design, manufacture, supply and assembly of a reinforced concrete prefabricated structure for the investment entitled: "Design and construction of a three-aisle tower production hall for offshore wind energy _MEW_ on Ostrów Island in Gdańsk"	5 %	PLN
22 March 2024	Fabriano Sp. z o.o.	The subject of the contract is the construction of a dormitory with an underground car park and the necessary technical infrastructure. The development will be built at Puławska 248 in Warsaw.	4%	PLN
29 March 2024	MLP Pruszków VI Sp. z o.o.	The subject of the contract is the extension of the D1 office building by part D1.2a in turnkey standard, in axes A-P/9-13 the extension of the warehouse part together with the construction of social rooms, with internal and external infrastructure. Construction was divided into two implementation phases.	2%	PLN
10 April 2024	Ionway Poland Sp. z o.o.	The subject of the contract is the construction of a plant for the production of components for electric batteries in buildings P4A, P4C, P5A/B and P5C on a real property in the Opolskie Voivodeship, Nysa County.	19%	PLN
8 May 2024	P3 Warsaw IV sp. z o.o.	The subject of the contract is the construction of a logistics hall DC 1 P3 Bydgoszcz Park together with an office building and associated infrastructure.	3%	EUR
12 June 2024	Kaufland Vertrieb 292 GmbH Co. KG	The subject of the contract is the construction of a commercial facility in Zittau, Germany	6%	EUR
13 June 2024	John Paul Construction Germany GmbH	The subject of the contract is the supply and assembly of a prefabricated structure, together with accompanying works, for an investment located in the Hesse land in Germany.	3%	EUR
17 June 2024	Prologis Poland CVI A sp. z o.o.	The subject of the contract is the construction of a warehouse and production hall with social and office facilities and associated technical infrastructure DC 2 Prologis Park Ruda Śląska.	5%	EUR

[2] until 11 April 2024, the gross contract value expressed as a percentage of the Group's revenue generated in 2022, after that date, the gross contract value expressed as a percentage of the Group's revenue generated in 2023.

(all amounts in PLN thousand unless otherwise stated)

Contract signing date:	Contracting party	Subject of the contract	Contract value [2]	Contract currency
26 July 2024	Prosperplast Deutschland GmbH	The subject of the contract is the construction of a storage hall with a shipping as well as office and social area on plot no. 74/44 in Bautzen	5%	EUR
2 August 2024	Bech Packaging sp. z o.o.	The subject of the contract is the construction of a production and storage hall with hygiene and sanitary facilities, together with the associated landscaping and accompanying infrastructure	2%	PLN
11 September 2024	Sherwin Williams Sweden AB	The subject of the contract is the construction of a new R&D laboratory in Märsta, municipality of Sigtuna	4%	SEK
7 October 2024	Prime Park Sp. z o.o.	The subject of the contract is the construction of a complex of commercial and service buildings with landscaping and the necessary technical and associated infrastructure and advertising pylons in Nowogard.	2%	PLN
15 October 2024	Medical University of Łódź	The subject of the contract is the construction of building U1 – Didactics Support Centre of the Medical University of Łódź under the “design and build” formula.	6%	PLN
22 October 2024	Umicore Battery Materials Poland Sp. z o.o.	The subject of the contract is the construction of a process building No. P1C, which is part of the production plant, on a property consisting of plots of land located in the Opolskie Voivodeship, Nysa county	4%	PLN
24 October 2024	Putka Sp. z o.o.	The subject of the contract is the extension of the bakery plant with a new production and storage hall, together with the extension of the shipping part with a cloakroom complex, technical rooms for oil boilers, a power generator, as well as the reconstruction of utilities and hardening of the external areas and the demolition of the delivery truck wash in Jawczyce, cadastral unit 143206_5. Ożarów Mazowiecki – rural area	1%	PLN
7 November 2024	Okręgowa Spółdzielnia Mleczarska w Bieruniu	The subject of the contract is the construction of a dairy processing plant located in Bieruń at Strefowa Street	6%	PLN
15 November 2024	TSL GmbH	The subject of the contract is the execution of prefabricated works on an investment located in the Hesse land (Germany).	4%	EUR
2 December 2024	Polonez Sp. z o.o.	The subject of the contract is a comprehensive execution of sanitary and HVAC installations (excluding heating and cooling node and CT and WL piping transits) together with equipment for P4A, P4C, P5C objects, which is a part of electric battery components production plant on a real property in Opolskie Voivodeship, Nysa County.	1%	PLN
19 December 2024	Ajtel Seafood Sp. z o.o.	The subject of the contract is the construction of a fish processing and storage facility (Phase 1)	3%	PLN
10 January 2025	TransGourment Polska Sp. z o.o.	The subject of the contract is the superstructure of 5 office floors on the HoReCa Poznań warehouse	2%	PLN
23 January 2025	TOMS POLSKA Sp. z o.o.	The subject of the contract is the construction of a production plant with office functions, services, together with a car park and land development in Nowa Sól	7%	PLN

Contract signing date:	Contracting party	Subject of the contract	Contract value [2]	Contract currency
14 February 2025	PDC INDUSTRIAL CENTER 289 Sp. z o.o.	The subject of the contract is the Apart Hotel Project on a real property located in Warsaw	7%	PLN
26 March 2025	PORR GmbH &Co KGaA	The subject of the contract is the manufacture, supply and installation of prefabricated elements	2%	EUR
15 April 2025	Lunds Kommun Fastighets AB	The subject of the contract is the design and construction of three multi-family buildings	7%	SEK

3.3. Other significant agreements, including with Insurance Companies

In 2024, Pekabex CG entered into new insurance contracts and annexes extending the term of insurance contracts with: Colonnade Insurance S.A., Chubb European Group SE, InterRisk TU S.A., PZU, Sopockie Towarzystwo Ubezpieczeń Ergo Hestia S.A., TUiR Warta, TUiR Allianz Polska S.A., Söderberg & Partner Group. These included the following:

- property insurance against contingent events
- civil liability insurance
- insurance of cargo in transport
- insurance of construction and assembly risks in domestic and foreign investments
- insurance of property, machinery and equipment against all risks
- insurance of electronic equipment against all risks
- personal accident insurance of employees
- dedicated insurance (third party insurance of members of the Management Board, bookkeeping, third party insurance of engineers, designers and architects, business interruption insurance, fiscal and penal liability insurance, employee insurance during events and company trips)
- cyber risk insurance
- medical expenses insurance for foreign business trips

Agreements for insurance guarantee lines (applies to contract guarantees) held by the Group as at the end of 2024 were as follows:

Name of guarantor	Limit amount as at the balance sheet date (in PLN thousand)	Duration	Changes in 2024 and after the balance sheet date
Towarzystwo Ubezpieczeń i Reasekuracji Allianz Polska S.A.	40,000	15 January 2026	On 16 January 2024, an annex to the general agreement on granting insurance guarantees was signed, extending the term of the agreement until 15 January 2025. After the balance sheet date, on 13 January 2025, an annex to the agreement was signed concerning the extension of its validity until 15 January 2026.
Towarzystwo Ubezpieczeń Europa S.A.	6,000	indefinite period	-
Towarzystwo Ubezpieczeń Euler Hermes S.A.	40,000	indefinite period	-
InterRisk Towarzystwo Ubezpieczeń Spółka Akcyjna Vienna Insurance Group	15,500	19 March 2025	On 26 March 2024, an annex to the agreement was signed concerning the extension of its validity until 19 March 2025.
Towarzystwo Ubezpieczeń i Reasekuracji WARTA S.A.	6,000	indefinite period	-
Sopockie Towarzystwo Ubezpieczeń ERGO Hestia S.A.	120,000	indefinite period	On 21 March 2024, an annex to the agreement was signed to increase the limit to PLN 75,000 thousand. After the balance sheet date, on 18 February 2025, an annex to the agreement was signed to increase the limit to PLN 120,000 thousand.
Korporacja Ubezpieczeń Kredytów Eksportowych S.A.	3,000	indefinite period	-

Name of guarantor	Limit amount as at the balance sheet date (in PLN thousand)	Duration	Changes in 2024 and after the balance sheet date
COMPENSA Towarzystwo Ubezpieczeń S.A. Vienna Insurance Group	10,000	13 February 2026	On 5 February 2024, an annex to the agreement was signed concerning the extension of its validity until 6 February 2025 and increasing the limit to PLN 10,000 thousand. After the balance sheet date, on 14 February 2025, an annex to the agreement was signed concerning the extension of its validity until 13 February 2026.
Generali TU S.A.	22,000	1 January 2026	On 8 January 2024, an annex to the general agreement was signed concerning the extension of its validity until 2 January 2025. After the balance sheet date, on 27 February 2024, an annex to the agreement was signed to increase the limit to PLN 22,000 thousand. After the balance sheet date, on 10 January 2025, an annex to the agreement was signed concerning the extension of its validity until 1 January 2026.
UNIQA Towarzystwo Ubezpieczeń S.A.	20,000	5 August 2025	On 6 August 2024, an annex to the general agreement was signed concerning the extension of its validity until 5 August 2025.
Zurich Insurance Europe AG	28,000	31 August 2025	On 24 September 2024, a general agreement was concluded.
Coface Mainz	19,229[3]	indefinite period	-
R+V Versicherung	12,819[3]	indefinite period	-
AXA Versicherung	4,273[3]	indefinite period	-
VHV Versicherung	2,564[3]	indefinite period	-
Total	**369,384**		

Contracts with an audit firm to audit or review the financial statements
On 23 July 2024, the Supervisory Board of Pekabex S.A. adopted a resolution to select UHY ECA Audyt Sp. z o.o. Sp.k., entered under number 3886 on the list of entities authorised to audit financial statements kept by the Polish Chamber of Statutory Auditors, to review the financial statements of Pekabex S.A. and the Pekabex Group for the first half of 2024 and the first half of 2025 and to audit the financial statements of Pekabex S.A. and the Pekabex Group for 2024 and 2025. The resolution of the Supervisory Board was preceded by the adoption of a resolution by the Audit Committee of the Company, pursuant to which it approved the report of the Management Board on the selection of an audit firm and recommended the selection of UHY ECA Audyt Sp. z o.o.. During the reporting year and after the balance sheet date, the Group did not use any other services of the audit firm apart from those described in note 31.5 to the consolidated financial statements. The remuneration due to the audit firm for the financial year and the previous financial year is disclosed in note 31.5 to the consolidated financial statements.

Contracts for financing research and development projects
In the third quarter of 2024, the Group signed contracts for financing of two submitted and approved applications under Priority I of the European Funds for a Modern Economy 2021-2027 (FENG) programme. Both projects aim to implement innovative investments based on research and development of modern solutions in construction. The first project is entitled "Development, as part of R&D works, of an innovative prefabricated industrial hall construction system based on Pekabex Bet S.A.'s proprietary material, construction and IT solutions, together with the creation of an environmentally-friendly automated production technology". The second project is entitled "Innovative prefabricated thin-walled three-layer wall

[3] The amount of the limit converted from EUR at the average NBP rate of 31 December 2024

(all amounts in PLN thousand unless otherwise stated)

system for passive house construction using CSA-based chemical compression method”. Both projects are expected to be completed in 2027. The planned value of eligible costs under the projects exceeds PLN 57,000 thousand, while the planned value of financing exceeds PLN 25,000 thousand.

Other significant contracts regarding the financing of the Group are described in chapter 3.9 of this report.

3.4. Key economic and financial data for Poznańska Korporacja Budowlana Pekabex S.A. and revenue structure – operating segments

Selected financial data and revenue structure for the Issuer are presented below

Report on the result – selected data	01/01 - 31/12/2024	01/01 - 31/12/2023	change in value to 31/12/2023	change in percentage to 31/12/2023
Revenue from sales	33,779	26,180	7599	29.03%
Gross profit on sales	21,504	20,176	1,328	6.58%
General and administrative costs	6,999	7,076	(77)	(1.08%)
Other operating revenue	2,825	3,271	(446)	(13.64%)
Other operating expenses	174	572	(398)	(69.65%)
Operating profit	17,156	15,800	1,357	8.59%
Financial revenue	86,556	44,142	42,414	96.08%
Financial expenses	9,725	7,447	2,279	30.60%
Profit before tax	93,987	52,495	41,492	79.04%
Net profit	89,945	48,520	41,424	85.38%

Statement of financial position – selected data	01/01 - 31/12/2024	01/01 - 31/12/2023	01/01 - 31/12/2023*	change in value to 31/12/2023	change in percentage to 31/12/2023	change in value to 31/12/2023*	change in percentage to 31/12/2023*
Assets	441,032	362,047	421,124	78,985	21.82%	19,908	4.73%
Current assets	70,696	13,906	17,759	56,790	408.37%	52,937	298.09%
Fixed assets	370,336	348,140	403,365	22,196	6.38%	(33,029)	(8.19%)
Long-term liabilities	39,987	68,062	85,256	(28,075)	(41.25%)	(45,269)	(53.10%)
Short-term liabilities	65,196	71,164	79,382	(5,968)	(8.39%)	(14,186)	(17.87%)
Equity	335,849	222,821	256,486	113,028	50.73%	79,363	30.94%

* Data restated as described in note 2 to the consolidated financial statements (merger with Pekabex Inwestycje II Sp. z o.o.)

In 2024, net revenue from sales amounted to PLN 33,779 thousand, so it was comparable to that achieved in the previous year (PLN 26,180 thousand) and in 2022 (PLN 22,165 thousand). Pekabex S.A. conducts operations in the field of real estate lease to companies from the Group and beyond, and generates revenue from trademark.

General and administrative costs amounted to PLN 6,999 thousand and were lower by PLN 77 thousand, i.e. by 1.08%, compared to the previous year. Operating profit in 2024 amounted to PLN 17,156 thousand and increased by 8.59% compared to the profit achieved in 2023. In 2024, the Company reported revenue from financing activities in the amount of PLN 86,556 thousand, including dividends received in the amount of PLN 73,033 thousand. In 2024, the company received PLN 70,000 thousand from its subsidiary Pekabex Bet S.A., PLN 1,000 thousand in dividends from Pekabex Pref S.A., PLN 1,239 thousand in dividends from Casa Fiore Sp. z o.o. and PLN 764 thousand in dividends from Pekabex Inwestycje VIII Sp. z o.o.
Financial revenue also represented accrued interest on loans granted and receivables in the amount of PLN 12,626 thousand in 2024. The Company’s profit before tax amounted to PLN 93,987 thousand compared to the profit achieved in 2023 (PLN 52,495 thousand), an increase by 79.04%.

As at 31 December 2024, the Company's assets amounted to PLN 441,032 thousand and were 4.7% higher than as at 31 December 2023 (restated data). The significant increase in current assets is mainly due to the increase in cash and cash equivalents – an increase of PLN 38,155 thousand compared to the value as at 31 December 2023 (repayment of a loan received from 7R Projekt 39 Sp. z o.o.).

Equity represented 76.15% of the balance sheet total and amounted to PLN 335,849 thousand, which constitutes a nominal increase by PLN 79,363 thousand, mainly due to the profit generated. Long-term liabilities decreased and amounted to PLN 39,987 thousand, similarly to short-term liabilities, which at the end of 2024 amounted to PLN 65,196 thousand, down by PLN 14,186 thousand compared to the previous year (restated data). The decrease in liabilities, mainly financial liabilities, is related to the repayment of a loan in the amount of PLN 33,645 thousand (value as at 31 December 2023) granted to the Issuer by Pekao S.A.

The basic financial indicators for Pekabex S.A. are as follows:

	31/12/2024	**31/12/2023**	**change %**
			31/12/2024 vs 31/12/2023
EBIT [PLN thousand] *(operating result)*	17,156	15,800	8.59%
EBIDTA [PLN thousand] *(operating profit / loss plus depreciation)*	24,553	19,763	24.24%
Profitability ratios:			
Return on assets *(net financial result LTM / total assets)*	20.39%	13.40%	
Return on equity *(net financial result LTM / equity at the end of the period)*	26.78%	21.78%	
Net return on sales *(net financial result / revenue from sales of products and goods)*	266.28%	185.33%	
Liquidity ratios:			
Liquidity ratio I *(total current assets / short-term liabilities)*	1.08	0.20	0.44*
Long-term liquidity *(total assets / short-term and long-term liabilities)*	4.19	2.60	2.87*

* Data restated as described in note 2 to the consolidated financial statements (merger with Pekabex Inwestycje II Sp. z o.o.)

Total revenue from sales by segment:

	from 01/01/ to 31/12/2024	from 01/01/ to 31/12/2023
Revenue from lease	25,493	18,052
Trademark fee	7,924	8,109
Other	361	19
Total	**33,779**	**26,180**

Revenue from lease in 2024 constituted 75.47% of total revenue from sales, and in 2023 – 68.95%. Pekabex S.A. generates nearly 100% of its sales in Poland. The Company, as owner or perpetual usufructuary of real estate, leases or rents production properties or parts thereof mainly to Pekabex Group companies for the purposes of their business operations. Since 2020, the company has also leased to customers outside the Group a newly built by the Group logistics hall. The property has an investment character. The Company's main customer in each year (mainly due to lease contracts) was Pekabex Bet S.A., with which the sales revenue turnover amounted to PLN 26,042 thousand in 2024 and PLN 22,975 thousand in 2023. The subsidiary Pekabex Bet is responsible for 77.10% of Pekabex S.A. revenue generated in 2024, and in 2023 this percentage amounted to 87.6%. In 2024, revenue from sign fee amounted to PLN 7,924 thousand (22.57% of total revenue), a decrease compared to 2023, when they amounted to PLN 8,109 thousand (30.97% of total revenue). Both in 2024 and 2023 Pekabex Bet S.A. was the largest supplier of Pekabex S.A.; the turnover in each of these periods exceeded 10% of the Company's costs (including projects).

3.5. Key economic and financial data for the Pekabex S.A. Group and revenue structure – operating segments

The basic financial indicators for the Pekabex S.A. Group are as follows:

	31/12/2024	31/12/2023	31/12/2022	change %	
				31/12/2024 vs 31/12/2023	31/12/2024 vs 31/12/2022
EBIT [PLN thousand] *(operating result)*	65,079	110,385	100,013	(41.04%)	(34.93%)
EBIDTA [PLN thousand] *(operating profit / loss plus depreciation)*	96,028	139,430	127,683	(31.13%)	(24.79%)
Profitability ratios:					
Return on assets *(net financial result LTM / total assets)*	2.81%	4.52%	5.08%		
Return on equity *(net financial result LTM / equity at the end of the period)*	7.41%	13.16%	13.94%		
Net return on sales *(net financial result / revenue from sales of products and goods)*	2.37%	4.39%	4.01%		
Liquidity ratios:					
Liquidity ratio I *(total current assets / short-term liabilities)*	1.36	1.26	1.35		
Long-term liquidity *(total assets / short-term and long-term liabilities)*	1.61	1.52	1.57		
Other important:					

(all amounts in PLN thousand unless otherwise stated)

	31/12/2024	31/12/2023	31/12/2022	change %	
				31/12/2024 vs 31/12/2023	31/12/2024 vs 31/12/2022
Net debt[4] *(total financial liabilities – cash and cash equivalents)*	104,274	192,656	87,909		
EBIDTA LTM *(EBITDA for the last 12 months)*	96,028	139,430	127,683		
Net debt to EBIDTA LTM ratio *(Net debt / EBIDTA LTM)*	1.09	1.38	0.69		
Financial ratio *(equity at end of the period / total assets)*	0.38	0.34	0.36		

Report on the result – selected data	from 01/01/ to 31/12/2024	from 01/01/ to 31/12/2023	change in percentage to 31/12/2023	change in value to 31/12/2023
Revenue from sales	1,728,162	1,566,237	10.34%	161,925
Operating profit (loss) (EBIT)	65,079	110,385	(41.04%)	(45,306)
Operating profit / Revenue from sales (percent)	3.77%	7.05%	decrease by 3.28 p.p.	-
Pre-tax profit (loss)	45,983	81,801	(43.79%)	(35,818)
Net profit (loss)	40,929	68,707	(40.43%)	(27,778)
Net profit / Revenue from sales (percent)	2.37%	4.39%	decrease by 2.02 p.p.	-
EBITDA	96,028	139,430	(31.13%)	(43,402)
EBITDA / Revenue from sales	5.56%	8.90%	decrease by 3.34 p.p.	-

Production volumes at the Group's plants between 2020 and 2024	01-12/2020	01-12/2021	01-12/2022	01-12/2023	01-12/2024
Production volume in m³	203,847.2	266,455.9	264,092.7	206,226.7	198,758.2

In 2024, revenue from sales amounted to PLN 1,728,162 thousand and was 10.34% higher than the revenue generated in 2023. The increase in revenue mainly concerned the segment of real estate development projects (an increase of PLN 110,836 thousand, i.e. over 400% compared to 2023) and the execution of contracts – construction services (an increase of PLN 132,678 thousand). The EBITDA result for 2024 amounted to PLN 96,028 thousand, and was lower by PLN 43,402 thousand (31.13%) than the EBITDA result achieved in 2023. The Group's profitability, including EBITDA, decreased by 3.34 percentage points; the decrease occurred mainly in the execution of contracts – prefabrication and the execution of contracts – construction services segments. The profitability of the real estate development segment, on the other hand, increased by 8.92% compared to 2023. The Capital Group's results achieved in 2024 were influenced by the factors discussed below.

In 2024, production in the Capital Group amounted to 198,758.2 m³, while in 2023 it amounted to 206,226.7 m³.

The year 2024 was difficult for the construction industry due to the limited number of contracts on the Polish and European markets. This, in turn, was putting pressure on the margins achieved on contracts. High inflation, interest rates and changing geopolitical factors did not have a positive impact on the recovery of investment sentiment in the construction sector of the

[4] The value of loans and other debt instruments does not include the valuation of derivatives and the value of liabilities under the investment agreement with PFR.

economy. Given the specific nature of the contracts performed and the segments in which the Group operates (e.g. the property development segment), the Group's results should be considered in the long term.

Costs of materials

After a period when the steel market reacted strongly to the geopolitical and market situation in recent years, which was particularly evident after Russia's aggression against Ukraine, the beginning of 2024 was characterised by price stability and availability of the ordered assortment. In 2024, the price of reinforcing bars was around PLN 2.80-3.00/kg. Steel prices are forecast not to increase by more than the inflation rate in the coming months, due to limited demand in the construction market.

The thermal insulation market saw price changes in the first half of 2024. In the first quarter, there were slight increases in the prices of PIR insulation and polystyrene, but in subsequent quarters, due to low demand, this trend reversed and prices began to fall and then stabilised. Prices for other insulation materials remained stable. The overall availability of materials in the insulation sector remains good.

Another very important material in the production of prefabricated concrete is plywood, which is used to make moulds. At the beginning of 2024, plywood prices remained low; at the end of the first quarter of 2024, prices rose by approx. 15% due to difficulties in exporting this raw material from Kazakhstan and an increase in sea freight costs for transport from China. In the second quarter of 2024, plywood prices rose by another 6%, despite improved availability. In the fourth quarter of 2024, the EU decided to impose anti-dumping duties due to imports of Russian plywood by China, among others, which caused a further increase in prices.

Cement prices remained stable in 2024, as did the prices of construction chemicals. However, in 2024, aggregate prices rose by approx. 5%, which was caused by a lack of aggregate availability on the market. In 2025, a slight increase in cement prices in Poland is expected; experts forecast an increase in the range of 3-5%.

Costs of energy carriers

The Management Board monitors the markets for key raw materials and materials for production, including energy. The Group is pursuing a policy that seeks to minimise the adverse effects of price volatility. Discussions are underway with the Group's key suppliers, such as cement plants or gas and energy suppliers, to review their supply protection policies and contract prices for future periods. In 2024, gas prices have decreased. During this period, the Group made most of its gas purchases on DAM (Day-Ahead Market – SPOT market), where energy is purchased at the wholesale prices currently quoted on Towarowa Giełda Energii. The DAM has proven to be favourable in that it allows the purchase of electricity as a combination of "black energy" and energy obtained from RES (Renewable Energy Sources). The greater the share of renewable energy in the energy mix (PSE), the lower the price is for the buyer.

The share of the cost of electricity, thermal energy and technical gas in the Group's cost scale, particularly in the cost of materials and energy, is not material and accounts for approx. 2% of the value of this item of cost by type in the Capital Group.

Labour costs

In 2024, labour costs in the Polish construction sector were on an upward trend, with a material impact on total construction investment costs. The market felt the upward pressure on employee salaries. The main reason for this was the persistently high inflation for months, as a result of which the cost of living for the household has increased. In 2024, there were two further increases in the minimum wage, which rose to PLN 4,300 gross at the end of the second quarter of 2024. An increase in the minimum wage is not only associated with an increase in the cost of employing those earning the least, but also generates additional costs associated with the emergence of wage pressure from other workers whose pay becomes unattractive in relation to the minimum wage. As a result, the increase in the lowest rate affects the entire pay scale of companies and a much higher cost of doing business for companies. Many industries, including the construction industry, are signalling that one of the most negative factors affecting companies' financial performance is the rising cost of employment.

Subcontractor costs

The uncertainty of the macroeconomic and geopolitical situation has intensified uncertainty and reduced investor activity. This situation has resulted in the demand for workers in the construction industry falling. However, material prices, energy costs and, above all, labour costs mean that the rate of decrease in subcontracting prices is slower, despite increased availability. The difficult situation in the construction industry, linked above all to the lack of new investment, has led to an increase in bankruptcies of companies operating in this market, primarily those in the SME segment.

Logistics / transport costs

The condition of the TFL (transport, forwarding and logistics) sector is determined by a number of factors, including GDP growth, inflation, fuel prices, access to financing, and the geopolitical situation. Last year, the industry struggled with falling demand, rising costs and liquidity problems. The road haulage market is highly competitive and fragmented, but at the same time the industry is under immense pressure from rising fixed costs – electricity and other utilities, taxes, customs duties and pressure on wages due to rising inflation, which translates into higher prices for the transport services provided. In addition, the road transport market is undergoing changes in the area of driver working time accounting and the automation of processes within transport companies. Experts predict that the economic slowdown in Europe will translate into a decrease in the value of the road transport market in the coming years.

The Group has five production sites in Poland and one in Germany. All of the Group's plants produce elements used in practically every segment of large-volume construction (halls, warehouses, office and commercial buildings, housing); the Group's plants also manufacture elements used in infrastructure construction and concern such structures as bridges, railway sleepers and tunnels. This allows for reduced transport costs and efficient logistics. The location of the Group's production facilities allows for the development of foreign expansion especially in the German and Scandinavian markets.

Outlook for the economy and the Group for the next quarters

According to the Central Statistical Office, Poland's Gross Domestic Product in 2024 increased by 2.9% year-on-year. This is mainly due to increased consumption; gross value added in construction in 2024 decreased by 6.7% compared to 2023, compared to an increase of 0.4% in 2023.

The construction industry is strongly linked to the economic situation, which is why fluctuations in demand and supply factors have reduced investors' willingness to take investment risks. Despite an improvement in macroeconomic indicators in 2024, investors remain very cautious, which is also linked to the continuing high costs of financing investments, which are correlated with high interest rates set by the National Bank of Poland. What additionally negatively affects the industry is the ongoing war beyond our eastern border and the general geopolitical situation, which entails a number of risks that are difficult to predict. The most serious of these for Poland is the risk of the war in Ukraine escalating or spreading to other territories, which is a factor taken into account when deciding where to invest capital in Poland.

In the short term, investment stimulated by funds from the National Recovery Plan is expected. The European Commission's review of the National Recovery Plan ended positively for Poland. However, the protracted procedures for verifying the changes declared by Poland meant that the decision to allocate funds to individual investments was postponed. This means that the funds spent from the National Recovery Plan will only have a real impact on the economy at the end of 2025 and in 2026, when the inflow of funds and their potential to boost investment will be greatest.

Among the challenges for the coming years, we should also mention the demographic problem, which will have an impact on the labour market. Labour supply will exceed demand, and the lack of a long-term state policy in this area may lead to a crisis in the labour market and a collapse of public finances due to the burden on the pension system. New challenges for the labour market, as well as for the construction industry, which will see a demand for new specialists, will include sustainable investments in energy-efficient technologies, RES (renewable energy sources) and WtE (Waste to Energy).

The factor that will shape the economies of EU countries, including Poland, is the European Green Deal, which consists of a set of directives aimed at reducing greenhouse gas emissions in various sectors of the economy in order to achieve climate neutrality by 2050. Achieving the objectives set out in the European Green Deal while maintaining economic growth will require significant investment and a change in approach to doing business in various sectors of the economy.

Further increases in labour costs, coupled with the increasing difficulty of recruiting new staff, will provide structural support for the increased use of prefabrication technology in the Polish market. Automation is one solution to reducing the risks associated with rising labour costs and staff shortages. The Group is pursuing a strategy of investing in new technologies to increase process efficiency through automation. The increase in wages in the construction sector in the long term is a trend that has a positive impact on the attractiveness of the product that the Group offers compared to the construction of structures and the buildings themselves using traditional technology. Thanks to the high potential for process automation in factories (which is very difficult on construction sites), the share of labour costs is lower.

The development segment has a significant impact on the level of construction projects. In 2024, 199,900 flats were completed, which represents a decrease of 9.6% compared to 2023, when 220,400 flats were completed. In the opinion of the Group's Management Board, modular housing construction – prefabricated housing can solve the problem of high financing and labour costs currently faced by developers, as it allows for a significant reduction in construction time and the elimination of manual work, e.g. plastering, thus enabling a smoother launch of projects and supplementing the offer in response to demand on the primary market. The Group is intensively developing its business line related to the development of its own investments by acquiring new land and launching new projects.

The Group constantly updates bid estimates and secures the availability of necessary materials and services, reacting to changing market conditions, particularly in the general contracting segment, where the sensitivity to changes in market prices of materials and services is, as a rule, much higher. In the opinion of the Management Board, in the long term, the Group's products, mainly in construction for indoor facilities and residential buildings, will continue to gain in terms of price competitiveness, mainly due to rising wage costs and labour shortages.

(all amounts in PLN thousand unless otherwise stated)

Statement of financial position – selected data	01/01 - 31/12/2024	01/01 - 31/12/2023	01/01 - 31/12/2022	change in value to 31/12/2023	change in percentage to 31/12/2023	change in value to 31/12/2022	change in percentage to 31/12/2022
Assets	1,455,139	1,520,940	1,677,945	(65,801)	(4.33%)	(220,373)	(13.13%)
Current assets	997,764	1,014,640	864,192	(16,876)	(1.66%)	136,005	15.74%
Cash and cash equivalents	202,797	207,715	119,496	(4,918)	(2.37%)	83,301	69.71%
Fixed assets	457,375	506,300	460,717	(48,925)	(9.66%)	(3,342)	(0.73%)
Long-term liabilities	170,579	191,468	200,604	(20,889)	(10.91%)	(30,026)	(14.97%)
Short-term liabilities	731,918	807,544	641,811	(75,626)	(9.36%)	92,540	14.42%
Equity	552,642	521,928	482,495	30,714	5.88%	70,147	14.54%

As at 31 December 2024, the Group's assets amounted to PLN 1,455,139 thousand and were lower by PLN 65,801 thousand compared to 31 December 2023. The decrease in total assets is mainly due to a decrease in the carrying amount of non-current assets, including loans granted (a decrease of PLN 35,062 thousand), which were repaid in December 2024. Current assets remained at a similar level to the end of 2023, including inventory, receivables and cash.
Short-term liabilities at the end of December 2024 amounted to PLN 731,918 thousand and were lower by PLN 75,626 thousand compared to the balance at the end of 2023. This was mainly due to a reduction in the balance of short-term financial liabilities by PLN 67,776 thousand compared to the end of 2023. This is due to lower utilisation of revolving credit lines in connection with the repayment in December of receivables from loans granted to external entities. The decrease in long-term liabilities is mainly related to the reclassification of bond liabilities in the amount of PLN 40,000 thousand from long-term to short-term financial liabilities. The value of long-term financial liabilities decreased in 2024 by PLN 20,889 thousand compared to 31 December 2023.

The Group pursues its investment policy with a view to increasing production efficiency mainly through automation and increasing production capacity, improving quality, and enhancing safety and working conditions.

Operating segments
An operating segment is a part involved in the business operations, in connection with which the Group may earn revenue and incur cost. For management purposes, the activities of the Group were divided into segments based on the services provided and their specifications. The Group's Management Board distinguishes the following reportable operating segments:

- Execution of contracts – prefabrication
- Execution of contracts – construction services
- Production services
- Execution of real estate development projects on the Group's own account
- Lease services
- Other

The segments were distinguished taking into account the specific nature of each of them, including the involvement of assets (including personnel), working capital and risks associated with each segment.

As part of the "**execution of contracts – prefabrication**" segment, the Group recognises revenue and costs related to designing, production, supply and assembly of prefabricated structures, both in Poland and abroad. The segment presents revenue and costs earned and incurred under contracts where the Group is the supplier of prefabricated elements or the supplier of prefabricated elements together with assembly, as well as this part of revenue and costs of prefabricated structures which is earned and incurred under comprehensive contract execution in the "execution of contracts – construction services" segment. As part of this segment, the Group also recognises revenue and costs related to prefabricated single-family houses sold under the brand name and by P.Homes. This offer is addressed directly to individual customers.
As part of the "**execution of contracts – construction services**" segment, the Group presents the part of contract execution that is related to revenue and costs under comprehensive execution of contracts as a contractor, with the participation of third-party subcontractors, excluding the part of the contract within the scope of prefabricated structures presented in the "execution of contracts – prefabrication" segment.

The “**execution of real estate development projects on the Group’s own account**” segment is a segment in the activities of the Pekabex Group which covers revenue and costs related to real estate development activities. It includes the purchase and preparation of land for investments, conducting real estate development projects within the scope of residential construction on the Group’s own account, sale of flats and possibly renting and servicing of residential real estate. All special purpose vehicles engaged in real estate development and the coordinating company, Pekabex Development sp. z o.o., are classified in this segment. Real estate development companies maintain records to identify costs related to individual components of a project that can be disposed of separately. At the time of recognising revenue from sales (which takes place on the date of signing the notarial deed transferring the ownership), the Group recognises the production costs of a given area, reducing the finished goods in proportion to the share of the premises sold to the total area of the given type of premises.

Within the “**production services**” segment, the Group presents revenue and costs related to the provision of production services – both in Poland and through its Branch in Germany. The production service presented in the segment consists in manufacturing prefabricated elements from provided materials, using machines and equipment provided by the Ordering Party, which is performed in their factories. As part of the service, the Group provides qualified staff, including managers as well as know-how and expertise.

Within the “**lease services**” segment, the Group presents revenue and costs related to the provision of lease services by the Group in non-residential real estate, developed by the Group specifically for this purpose, and in properties in which the Group conducts operations and a small part of which is allocated for lease. The main property allocated for lease in 2024 is a logistics hall located in Poznań. The hall is a modern logistics, production and office space, built on land belonging to the Group, in the vicinity of the main transport routes of Poznań, on a plot that was previously leased to an external entity. The hall is divided into 2 modules which can be further divided or merged together, offering the possibility to arrange social and office space.

Operating segments that have not exceeded the quantitative thresholds are presented in the “**other**” segment and include the following activities that are sources of revenue for the Group: (i) the sale of materials, (ii) accounting, human resources, administration and other services, (iii) re-invoices, (iv) leaseback transactions.

Revenue generated in individual segments of the Group’s activity in 2024 and in relation to the previous year are presented in the table below:

PLN thousand	Execution of contracts – prefabrication	Execution of contracts – construction services	Production services	Execution of real estate development projects on the Group’s own account	Lease services	Other	Total
for the period from 01/01 to 31/12/2024							
Revenue from external customers	805,916	742,885	32,794	137,939	2,275	6,353	1,728,162
Segment operating result	36,211	46,096	1,337	20,406	1,113	2,649	107,812
Segment operating profitability	4.49%	6.21%	4.08%	14.79%	48.90%	41.70%	6.24%
for the period from 01/01 to 31/12/2023							
Revenue from external customers	884,735	610,208	34,006	27,103	2,708	7,477	1,566,237
Segment operating result	116,380	55,536	3,953	1,592	1,058	3,891	182,410
Segment operating profitability	13.15%	9.10%	11.62%	5.87%	39.07%	52.04%	11.65%

The volume of revenue and results in 2024 were influenced by two main operating segments of the Group: “Execution of contracts – prefabrication” and “Execution of contracts – construction services” (which includes general contractor services contracts). These two segments accounted for 89.62% of revenue from sales generated by the Group in 2024. Revenue in the “Execution of contracts – construction services” segment increased by PLN 132,677 thousand, an increase of 21.74% compared to 2023. Revenue in the prefabrication segment amounted to PLN 805,916 thousand, a decrease of PLN 78,819 thousand compared to 2023. Revenue in the “Execution of real estate development projects on own account” amounted to PLN 137,939 thousand in 2024, an increase of PLN 110,836 thousand compared to 2023. This segment’s share in revenue amounted to 7.98% in 2024.

The Table below shows the revenue generated in individual markets in 2024 and the change compared to the previous year:

In PLN thousand	from 01/01/ to 31/12/2024	from 01/01/ to 31/12/2023	Change in value	Change %
Poland	1,333,247	1,080,819	252,428	23.36%
Percentage share of total sales	77.15%	69.01%		
Germany	228,525	237,819	(9,294)	(3.91%)
Percentage share in total sales	13.22%	15.18%		
Scandinavia (Sweden, Denmark, Norway)	121,842	216,579	(94,737)	(43.74%)
Percentage share in total sales	7.05%	13.83%		
The Netherlands	26,451	22,337	4,114	18.42%
Percentage share in total sales	1.53%	1.43%		
Slovakia	17,623	5,222	12,401	237.47%
Percentage share in total sales	1.02%	0.33%		
Switzerland	474	3,460	(2,986)	(86.30%)
Percentage share in total sales	0.03%	0.22%		
Total	1,728,162	1,566,237	161,926	10.34%

Poland is the main market for the Group. The largest domestic recipients of its products include direct investors and general contractors implementing large-size buildings, residential buildings and infrastructure investments. In 2024, contracts were carried out in Poland, Germany, Sweden, Denmark, as well as the Netherlands, Slovakia and Switzerland, while production services were carried out in Germany.

Revenue from sales on the territory of Poland in 2024 amounted to PLN 1,333,247 thousand – an increase of PLN 252,428 thousand compared to 2023, i.e. by 23.36%. The Group's revenue from the execution of contracts in Scandinavia decreased by PLN 94,737 thousand, i.e. by 43.74%. The significant decline in sales mainly affected Sweden and was caused by the collapse of the local housing market (the segment in which the Group mainly executes contracts). The increase in the costs of financing investments, combined with the large drop in property prices, has translated into reduced demand from institutional as well as private investors. German market is the largest foreign market for the Group. Revenue from sales in Germany decreased by PLN 9,294 thousand compared to 2023, i.e. by 3.91%. The decline in sales in the German market is due to the downturn in the construction market there. The decline in the number of construction projects and the rise in interest rates have resulted in a drop in new investment, particularly affecting residential construction. The Group is pursuing a strategy of geographical diversification and plans to increase its presence in foreign markets. The share of foreign revenue from sales in total revenue of the Group was 22.9% in 2024, 31.0% in 2023.

In 2024, Erbud S.A. was the Group's largest customer. Revenue from sales generated in cooperation with one of the largest general contractors in Poland in 2024 account for 4.6% of the Group's revenue from sales. Revenue generated with Erbud S.A. belonged primarily to the "Execution of contracts – prefabrication" segment and related to the construction of the Baltic Towers – an offshore wind tower factory in Gdańsk.

The Group's second largest customer in terms of turnover was Cersanit S.A. Revenue from sales generated under the contract with the customer for the expansion of the Distribution Centre in Opoczno amounted to 4.2% of the Group's revenue from sales in 2024. The turnover generated by the collaboration with this contractor belongs to the "Execution of contracts – construction services" segment.

3.6. Management of financial resources

Liquidity risk

The Pekabex Group has significant financial resources, which it manages with four main objectives in mind:

- securing short- and medium-term cash flows
- stabilising fluctuations in the financial result
- executing financial projections by meeting budgetary targets
- achieving the assumed rate of return on long-term investments and obtaining optimal sources of financing for investment activities
- effective asset management, e.g. inventory.

In order to ensure an adequate level of working capital, the Group uses multi-purpose credit and guarantee lines, described in detail in notes 9.5-9.7 to the consolidated financial statements.
Short-term surpluses of the Group's cash were deposited in high-rating banks.
In August 2024, the Group signed an agreement with PKO BP S.A. bank for the provision of a real cash pooling service, where Pekabex Bet S.A. acts as an agent and the other group companies participating in the structure are participants. Shared cash pool is a solution used to manage financial liquidity within a capital group, which enables the effective use of surpluses and coverage of cash shortages in various subsidiaries, thereby optimising financing costs, better utilisation of cash surpluses in companies and reduction of external financing costs (e.g. loans).
Participants in the cash pool system operate on the basis of a framework agreement. It specifies, among other things, the rules for calculating interest, the agent's liability, the conditions for withdrawing from the system, and the minimum/maximum balances. At the end of each business day, the bank consolidates (i.e. collects and transfers) funds from the accounts of subsidiaries to the agent's account, and if any of the companies has a negative balance, the system automatically "borrows" funds from the surpluses of other companies. The agent keeps internal records of the balances of individual participating companies. Interest on positive and negative balances is settled internally, in accordance with the rules established within the group (WIBOR rate + margin).
In addition, the Group's companies use them to finance their service providers and material suppliers. This has a positive impact on the Group's result (due to the use of a discount mechanism) and on the financial liquidity of suppliers.
The Group monitors financial risks on an ongoing basis and undertakes actions aimed at minimising their impact on its situation. Understanding threats originating from exposure to financial risks and an appropriate organisational structure and procedures allow for better execution of tasks.
The Group does not enter into any transactions on the financial markets for speculative purposes. Transactions constitute hedging against specific risks. The Pekabex Group operates in accordance with the hedge accounting policy and principles that ensures symmetrical recognition of changes in the values of the hedging instrument and the hedged item in accounting books and financial statements. In this way, both amounts offset each other, thus eliminating the impact of the hedged risk on the financial result.
The Group, like any other business entity, is exposed to the risk of loss of liquidity, i.e. the ability to meet financial liabilities on time.
The Group actively manages the liquidity risk by monitoring the maturity of its receivables and liabilities and the demand for cash to service short-term payments (current transactions monitored on a weekly basis), as well as long-term demand for cash, based on cash flow forecasts updated on a monthly basis. The demand for cash is compared with the available sources of funds (especially by assessing the ability to obtain credits) and collated with investments of free funds.

Exchange rate risk

The majority of the Group's transactions are carried out in PLN. The Group's exposure to currency risk results from foreign sales and purchase transactions, which are made primarily in EUR and SEK, as well as from construction contracts performed in Poland, in particular as a general contractor, denominated in EUR. Therefore, significant fluctuations of EUR or SEK to PLN exchange rates may, in particular, reduce the value of the Group's receivables, or increase the value of its liabilities. Changes in exchange rates may therefore have an adverse effect on the Group's operations and financial position.
The revenue and costs incurred by the branch and companies in Germany in EUR and the company in Sweden in SEK largely balance each other out.
In relation to currency risk management, the following objectives are of the utmost importance:

- hedging short- and medium-term currency cash flows
- stabilising fluctuations in the financial result of the Group and its subsidiaries
- executing financial projections by meeting budgetary targets

The Group uses available financial instruments to hedge against currency risk. In the case of significant contracts denominated in foreign currencies (especially in EUR and SEK), the Group minimises the risk by entering into currency transactions (forwards). In order to limit the impact of changes in the exchange rate on the results achieved by the Group, a hedge accounting policy was implemented.

The Group monitors its currency exposure on an ongoing basis and appropriately manages the level of its hedging by:

- regularly analysing its current and expected volume and dates of its occurrence (in particular: monitoring changes in payment schedules for construction projects, monitoring the level and dates of occurrence of currency costs of current business activity)
- reacting to changes in the above-mentioned elements, in particular by using appropriate hedging financial instruments (currency forward contracts)
- regular analyses of current levels of market parameters (in particular the level and volatility of relevant foreign exchange rates)

Interest rate risk

The Group is exposed to interest rate risk in connection with the following categories of financial assets and liabilities: credits, loans, debt securities (other financial assets), other debt instruments, financial leasing. The Group companies use loans to finance their operating and investment activities. These liabilities bear interest at variable interest rates. In the event of an increase in WIBOR and EURIBOR interest rates, there is a risk of an increase in financial costs, which will adversely affect the Group's profitability.

With respect to interest rate risk management, the following objectives are of the utmost importance:

- debt service cost stabilisation;
- executing financial projections by meeting budgetary targets.

The Group does not conclude any speculative interest rate transactions on financial markets. The Group uses financial instruments available to hedge against interest rate risk.

The Group hedges up to 100% of its exposure to interest rate risk resulting from bank loans with appropriate financial instruments. Depending on market conditions, less than 100% of the exposure may be hedged, and in unusually favourable market conditions the exposure may remain unhedged until the conditions turn unfavourable, in particular for new funding. As at the balance sheet date, the Group had three loans secured in whole or in part by IRS transactions, as described in the consolidated financial statements.

The Group monitors its exposure to interest rate risk on an ongoing basis and appropriately manages the level of its hedging by:

- analysing the current unsecured balance of credits and repayment dates
- analysing current levels of market parameters (in particular the level and volatility of relevant interest rates and IRS contract prices)
- deciding on hedging or not hedging interest rate risk depending on market forecasts, and in the case of a decision to hedge, also on the level of hedging, on the basis of the above analyses.

Credit risk

There is a possibility of insufficient monitoring of customers' and creditors' arrears. The applied analysis of individual credit risk or credit risk within individual asset classes determined for specific risk factors may overestimate or underestimate the real risk level.

The Group limits its exposure to credit risk by assessing and monitoring the financial standing of its contracting parties, using collaterals for receivables and an internal system of procedures and reporting. In addition, the Group tries to make transactions with reliable contracting parties.

The Group's maximum exposure to credit risk is determined mainly by the carrying amount of financial assets such as loans, trade receivables, other financial receivables and derivative financial instruments. The Group limits its exposure to credit risk related to trade receivables by assessing the credibility of its contractors and monitoring their financial standing, the use of collateral for receivables and the internal system of procedures and reporting.

The Group continuously monitors the payment arrears of customers and creditors, analysing the credit risk individually or within individual asset classes defined for this risk (resulting, for example, from the industry, region or structure of recipients), thereby minimising the risk of asset impairment in the event of insolvency of contractors.

Trade credit is granted mainly to proven contractors, and the sale of products to new customers is in most cases made with the use of additional security: advances, bills of exchange, prepayments, bank guarantees, and corporate guarantees. In addition, the agreements of most contractors with trade credit include a reservation of the right of ownership of the delivered prefabricated elements until the payment of the amount due. Additionally, in order to secure receivables due to construction services, the Group exercises its right under Article 6471 § 5 of the Civil Code. It stipulates that the entity concluding the contract with the subcontractor as well as the investor and the contractor is jointly and severally liable for the payment of remuneration for construction work performed by the subcontractor. The Group tries to conclude agreements with reliable contracting parties. In the opinion of the Company's Management Board, the financial assets which are not past due and subject to write-down as at individual balance sheet dates, can be considered as good credit quality assets.

With regard to trade receivables, the Group is exposed to moderate credit risk connected with a single significant contracting parties or group of contracting parties with similar characteristics. Overdue receivables that are not subject to write-down do not show a significant deterioration thus far – most of them are in the range of up to a month and there are no material concerns as to their recoverability.

The credit risk of cash and cash equivalents, market securities and derivative financial instruments is considered immaterial due to the high reliability of entities that are parties to transactions, which include mainly banks and entities known by the Company.

3.7. Differences between financial results and financial forecasts

Forecasts were not published.

3.8. Structure of major capital and equity investments

In 2024, the Group invested its financial surpluses in overnight deposits on a short-term basis; ultimately these are used as equity contributions to ongoing investments.
During 2024, the Group expanded its operations by establishing the following companies by deed of incorporation (see section 1.3 for a broader description):

- On 19 April 2024, Revital Operator Sp. z o.o. was incorporated; its operations will focus on managing facilities as part of the Revital Apartments and Centre investment in Mechelinki.
- On 13 May 2024, PGU GmbH, a company organised and existing under the laws of Germany, was established. The company's activities are focused on the implementation of projects as a general contractor on the German market.
- On 21 May 2024, Green Logistics Development sp. z o.o. was established. The company coordinates warehouse space development projects carried out within the Group.
- On 19 July 2024, Hansen Home sp. z o.o. was established. The company's activities will be related to real estate development projects using, among others, P.Homes' modular home solutions.
- On 9 December 2024, Pekabex Construction Ltd. with its registered office in London was established. The company's activities will focus on acquiring and implementing projects, including as a general contractor, on the English market.

3.9. Credits and loans taken out

In 2024, new loan agreements were concluded or annexes were signed to increase the value of the financing, which are detailed in note 9.5 of the consolidated financial statements.

Annex to the multi-purpose credit limit agreement of Pekabex Bet, Pekabex S.A., Kokoszki Prefabrykacja, Betbygg (BNP Paribas Bank Polska S.A.)
On 26 March 2024, the Issuer became aware that BNP Paribas Bank Polska S.A. signed an annex to the multi-purpose credit line agreement of 26 March 2013 previously signed by the Issuer and the Issuer's subsidiaries Pekabex Bet S.A. and Kokoszki Prefabrykacja S.A., as well as BetBygg Sverige AB, pursuant to which Kokoszki Prefabrykacja S.A. and Betbygg Sverige AB acceded to the Agreement. The annex establishes the consolidated text of the agreement, according to which the amount of the limit of the main credit line is increased to PLN 200,000 thousand, provided that each entity – the Issuer, as well as the group companies, which are parties to the agreement, have their own sub-limits established.

Revolving credit agreement of Pekabex S.A. (PKO Bank Polski S.A.)
On 10 June 2024, the Issuer signed a revolving credit agreement with Powszechna Kasa Oszczędności Bank Polski S.A. in the amount of PLN 30,000 thousand to finance and refinance loans granted to subsidiaries of the borrower.

Investment loan agreement of Pekabex S.A., Pekabex Bet S.A. (Santander Bank Polska S.A.)
On 23 July 2024, the Issuer and its subsidiary – Pekabex Bet S.A. entered into an investment loan agreement with Santander Bank Polska S.A. for the financing and refinancing of capital expenditure related to the project of expanding the production hall, together with the reconstruction and expansion of the concrete plant in Poznań, with a value of PLN 33,000 thousand.

Multi-purpose credit line agreement of Pekabex Bet S.A. (Polska Kasa Opieki S.A.)
On 5 September 2024, Pekabex Bet S.A. entered into a multi-purpose credit line agreement with Bank Polska Kasa Opieki S.A. with its registered office in Warsaw, for up to PLN 40,000 thousand, which the Company may use in the form of a current account limit and a bank guarantee limit.

Guarantee line agreement of Pekabex Bet S.A. (Zurich Insurance Europe AG)
On 27 September 2024, Pekabex Bet S.A. was informed that Zurich Insurance Europe AG, Niederlassung fur Deutschland, with its registered office in Frankfurt am Main (the "Guarantor"), signed a guarantee line agreement previously signed by the company for PLN 28,000 thousand, which the Company may use in the form of a limit for guarantees: advance payment refunds, tender guarantees, performance bonds, defect or fault removal guarantees, and other accepted types of guarantees.

Multi-product credit line agreement of Pekabex Bet S.A. (mBank S.A.)
On 25 October 2024, Pekabex Bet S.A. concluded a framework agreement for a multi-product credit line with mBank S.A. for up to PLN 40,000 thousand, which the Company may use in the form of an overdraft facility up to PLN 40,000 thousand and a guarantee limit of up to PLN 40,000 thousand.

In 2024, no loan agreement was terminated in relation to the Group.
As at the balance sheet date of 30 September 2024, the Group failed to comply with one of the provisions of the financing agreements with Santander Bank Polska S.A., obliging the Group to maintain an agreed debt service ratio, however, the Group received a statement from Santander Bank Polska S.A. waiving the requirement for the Group to meet this obligation as at 30 September 2024.
As at 31 December 2024, the terms of the loan agreements had not been breached.

3.10. Loans granted

In 2024, the Pekabex Group companies mainly granted loans to related parties. Loans granted to companies outside the Capital Group include:

- On 27 June 2023, Pekabex Bet entered into an agreement with CityLink Wrocław II Sp. z o.o. for the general contracting of an investment involving the construction of a logistics facility – an office - exhibition facility "CityLink Wrocław" consisting of approx. 13,300 m² GLA, located in Wrocław at ul. Szczecińska 11B.
  On 18 August 2023, the parties entered into a loan agreement in which they agreed that part of the remuneration under the general contractor agreement would be paid by converting the receivables arising from VAT invoices issued by Pekabex Bet to CityLink Wrocław II Sp. z o.o. into a loan up to a total amount of PLN 9,980 thousand, whereby only the net amount will be converted and the VAT amount will be paid within 30 days of the invoice delivery. The loan is secured by guarantees and voluntary submission to enforcement in the form of a notarial deed by each of the guarantors. As at the balance sheet date of 31 December 2024, the value of the loan amounted to PLN 9,980 thousand.
- On 21 December 2023, the Company entered into a loan agreement with Ferryman Finance Sp. z o.o. in the amount of PLN 10,000 thousand. The Company's receivables are secured by, among other things: (i) declaration of submission to enforcement pursuant to Article 777 § 1(5); (ii) contractual mortgage on real estate belonging to Motte 2 Sp. z o.o. up to PLN 15,000 thousand; (iii) contractual mortgage on real estate belonging to Ferryman Sp. z o.o. SK up to the amount of PLN 5,000 thousand. The loan agreement is related to the purchase of a plot of land for a development investment. As at the balance sheet date of 31 December 2024, the loan principal balance amounted to PLN 10,000 thousand.

3.11. Material transactions concluded with related parties on terms other than arm's length terms

In 2024, neither the Parent Company nor its subsidiaries entered into material transactions with related entities on terms other than arm's length terms.
Revenue generated and costs incurred by the Company and the Group in transactions with related entities in 2024 and the balance of liabilities to and receivables due from related entities as at 31 December 2024 were presented in supplementary information and explanations to the separate and consolidated financial statements, respectively.

3.12. Agreements providing for compensation for Management Board members in the event of their resignation or dismissal

No such agreements were in force in 2024.

3.13. Granted and received sureties and guarantees

Value of sureties and guarantees (in PLN thousand) as at 31 December 2024 was as follows:

	31/12/2024	31/12/2023
To other entities:		
Surety for repayment of trade payables	187,125	124,027

Guarantees granted	-	-
Guarantees granted for contract performance agreements	523,853	404,552
Other contingent liabilities	-	-
Total contingent liabilities	**710,978**	**528,579**

Sureties for the repayment of liabilities relate to contracts of surety which are granted only to companies from the Group and secure the commercial liabilities of companies belonging to the Group.
The values of the guarantees granted to construction contracts constitute the total amount of performance bonds issued to contracting parties and costs of remedying defects and flaws resulting from the performed construction contracts. None of the guarantees granted exceeds the materiality threshold set at 10% of the Group's equity.
As at 31 December 2024, the value of bank and insurance guarantees granted totals PLN 523,853 thousand.
The Group's companies issued promissory notes as collaterals for their lease liabilities, the carrying amount of which as at 31 December 2024 amounted to PLN 18,690 thousand (2023: PLN 23,021 thousand).
The credit sureties granted, effective as at 31 December 2024, are presented below. A detailed description of the collateral and the value of the liability as at the balance sheet date is provided in note 9.7 to the consolidated financial statements.

Entity to which the surety was granted	**Credit amount subject to surety in PLN thousand**	**Subject of the contract**	**Validity date of the collateral**	**Entity for which the surety was granted**	**Guarantors**	**Value of the surety in PLN thousand**
Santander Bank Polska SA	200,000	Multi-purpose line	25/11/2035	Pekabex Bet	Pekabex S.A. Pekabex Pref	240,000
Santander Bank Polska SA	33,000	Investment credit	19/07/2033	Pekabex Bet Pekabex S.A.	Pekabex Pref	39,600
Santander Faktoring	10,000	Factoring line	25/11/2035	Pekabex Bet	Pekabex S.A. Pekabex Pref	45,000
PKO BP S.A.	200,000	Multi-purpose line	07/06/2030	Pekabex Bet	Pekabex S.A.	340,000
PKO BP S.A.	30,000	Investment credit	31/12/2028	Kokoszki Prefabrykacja	Pekabex S.A. Pekabex Bet	30,000
Pekao S.A.	40,000	Multi-purpose line	31/08/2033	Pekabex Bet	Pekabex S.A. Pekabex Pref	60,000
BNP Paribas S.A.	200,000	Multi-purpose line	16/02/2037	Pekabex Bet Pekabex S.A. Betbygg Sverige	Pekabex Pref	250,000
BNP Paribas S.A.	56,480	Non-renewable credit	14/03/2032	Kokoszki Prefabrykacja	Pekabex S.A. Pekabex Bet	67,540
BNP Paribas S.A.	10,000	Non-renewable credit	31/03/2029	Pekabex S.A.	Pekabex BET Pekabex Pref	11,000
BNP Paribas S.A.	10,800	Non-renewable credit	09/11/2030	Pekabex S.A.	Pekabex BET Pekabex Pref	11,880
BNP Paribas S.A.	22,000	Non-renewable credit	10/08/2031	Pekabex S.A.	Pekabex BET Pekabex Pref	24,000
mBank SA	40,000	Multi-purpose line	30/09/2032	Pekabex Bet	Pekabex S.A.	60,000
Provincial Fund for Environmental Protection	1,488	Loan	30/09/2027	Kokoszki Prefabrykacja S.A.	Pekabex S.A.	1,482

Entity to which the surety was granted	Credit amount subject to surety in PLN thousand	Subject of the contract	Validity date of the collateral	Entity for which the surety was granted	Guarantors	Value of the surety in PLN thousand
and Water Management in Gdańsk						
Provincial Fund for Environmental Protection and Water Management in Gdańsk	1,482	Loan	30/09/2027	Pekabex BET S.A.	Pekabex S.A.	1,488
EQUES PEKABEX Deweloperski FIZ	10,000	Issue of bonds	expiring upon obtaining the final building permit	Pekabex Inwestycje XII Sp. z o.o.	Pekabex S.A.	13,500

4. Information on the development strategy adopted by the Issuer and the Capital Group, including a description of the prospects for business development at least in the coming financial year

4.1. Order portfolio

The Group materially increased its order portfolio, and at the end of 2024, the Group's backlog amounted to PLN 1,713,200 thousand, which represents an increase of PLN 421,332 thousand compared to 2023 and an increase of PLN 587,098 thousand compared to 2022.

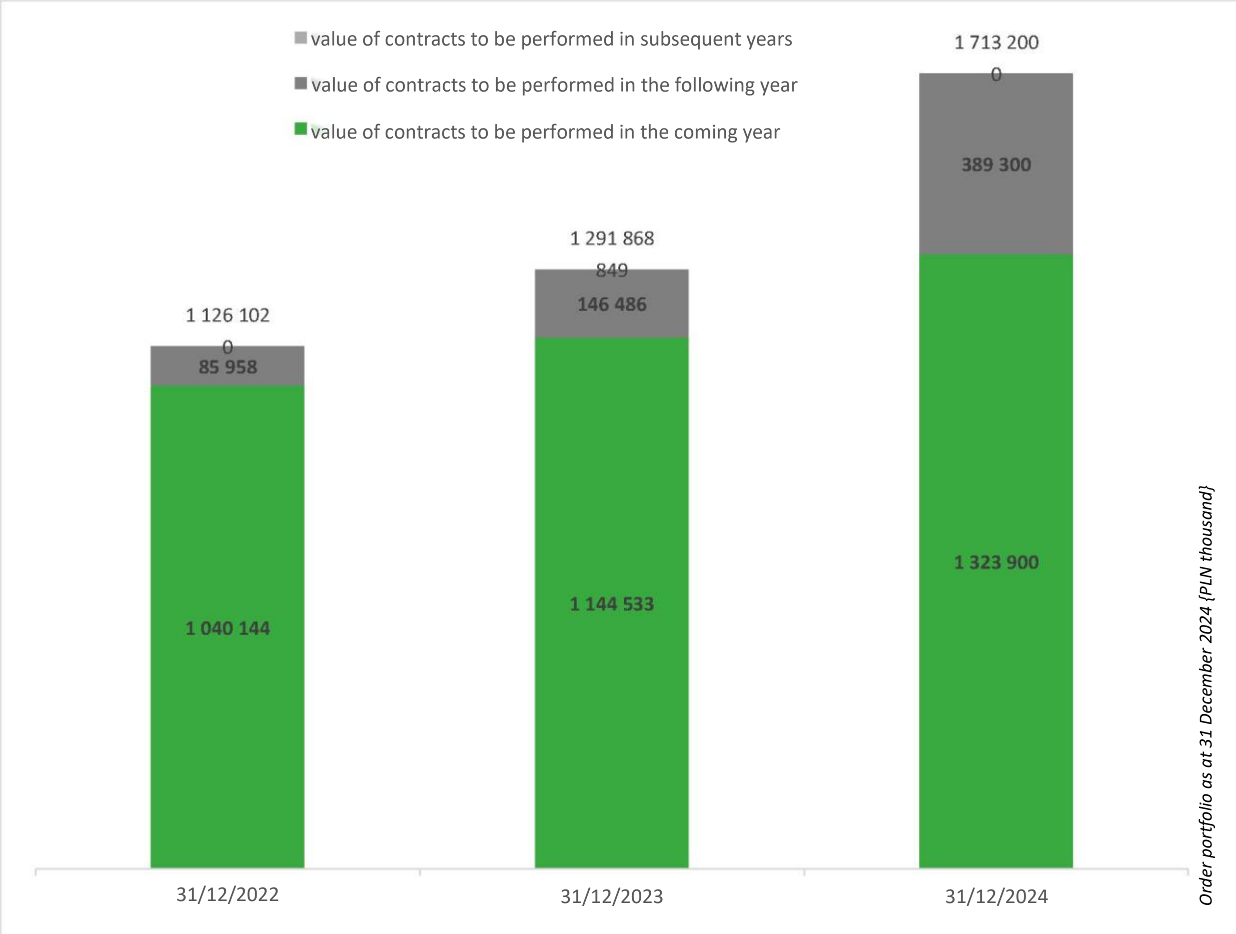
Although the dynamics of construction and assembly production in Poland in 2024 mostly reached positive values, the year proved to be another difficult period for the construction industry in Poland, as well as in Europe. The factors that had the greatest impact on operators in this market were persistently high inflation and interest rates, as well as the high cost of doing business, persistently high prices for construction materials and key raw materials, and increased employment costs.

One of the most important markets for the Group is that of production and warehouse facilities. In 2024, as in previous years, the Group realised the largest revenue from projects involving this type of construction.

The residential market is also becoming increasingly important for the Group. Moreover, the Group's strategy assumes that the development segment will increase its share in the portfolio of contracts executed by Pekabex. The Group has a range of system solutions dedicated specifically to this segment. The planned major capital investments largely relate to increasing capacity for the production of housing components.

The order portfolio (backlog) contains the aggregated value of contracts signed by the Group until 31 December 2024, which are/will be executed and recognised in revenue from sales after the balance sheet date. The values of the order portfolio for individual periods/years result from the schedules indicated in the contracts and assume their timely implementation.

Prefabricated elements, production plant in Gdańsk



The order portfolio also includes planned* and estimated** revenue from development projects such as: Casa Baia Apartments in Hel, Ja_Sielska III and Ja_Sielska V residential estates, Origin and ReVital Apartments in Mechelinki, Neonowe Estate in Częstochowa, Stadtvilla Apartments in Falkensee near Berlin, the residential development at Milczańska Street in Poznań, and Stage I of the residential estate in Pruszków with a total value of PLN 354.304 thousand, of which PLN 92.057 thousand is scheduled for recognition in 2025. Recognition of revenue in this segment, in accordance with the Group's accounting policy and the International Financial Reporting Standards, takes place on the date of signing the notarial deed transferring the ownership to the real estate.

In a period of market instability, the Group focuses on winning new contracts and maintaining the profitability of ongoing projects.

* Planned revenue – based on signed real property development agreements
** Estimated revenue – based on the Group's budget assumptions

4.2. Investments and projects implemented by the Group

Ja_Sielska housing estate in Poznań

The JA_SIELSKA real property development project is being carried out in Poznań Podolany district, a neighbourhood the development of which consists in a planning transformation from a once partly industrial to a residential function. The neighbourhood is well connected, with numerous service facilities, amenities and recreational areas, including Lake Rusałka located in close proximity. The project has been underway since 2017, with 6 buildings constructed to date and over 160 residential premises delivered in two stages. The estate was the winner of the 13th edition of TOPBUILDER 2021. In total, there are 6 project stages planned, i.e. 16 buildings comprising nearly 700 functional flats of various layouts and sizes. On 17 October 2024, the Group obtained an occupancy permit for Stage III and commenced the process of handing over the sold premises. This stage includes 124 premises of 6,500 m² built in 3 buildings. An underground garage hall has been designed. It accommodates nearly 200 vehicles and is suitable for electric cars. The communal spaces for neighbourhood gatherings and a children's playground have been planned. The project includes intensive landscaping with greenery, including native tree species.

Ja_Sielska III, Poznań, project visualisation

In October 2024, the Group obtained a building permit for Stage V (construction began in January) and is applying for building permits for subsequent stages of the investment, which will see the construction of approx. 130, 143 and 120 residential units with a total area of approx. 19,000 m². Aesthetically and communicatively, it is envisaged that all projected development tasks will be connected – both above and below ground level – by connecting garage halls. As part of the cooperation with the city, it was also agreed to participate in the reconstruction of the road system at Jasielska Street, including the construction of a roundabout at the bend in the street.

The buildings on the JA_SIELSKA estate are constructed from prefabricated elements. The structural elements of the aboveground – walls and ceilings – are manufactured in factories belonging to the Pekabex CG. The rapid assembly of structures in modern prefabrication technology shortens construction by around 30%. The contracting division of the Pekabex CG is the general contractor for the project. The concentration of key areas of competence within entities belonging to the same group of companies allows for cost optimisation, margin aggregation and efficient and professional execution of development projects.

Origin Mechelinki investment

The Group concluded with Origin Investments sp. z o.o. and Origin Gdynia 1 sp. z o.o., an investment contract for the joint implementation of the project in Mechelinki consisting in the construction of the Origin health complex comprised of holiday suites (106 suites with a total area of 3,620 m²), premises for active seniors (58 premises with a total area of 1,925 m²), and the Centrum Rehabilitacji ReVital rehabilitation centre (with 63 rooms and a full infrastructure for health promotion, rehabilitation and revitalisation). Within the scope of this project, the Group is responsible, among others, for the real estate development and construction process (the general contractor of the project is a company from the Pekabex Group), and Origin, among others, for the operational activities of Origin ReVital and Club Origin programmes. The necessary own contribution will be made by the parties in the following proportion: 45% Origin, 55% Pekabex. The return on investment will be split 50/50. Investment exit is planned after the construction of flats and premises for senior citizens through their sale, and in the case of Origin ReVital – through its sale to an external investor.

The Origin Apartments are being built in a unique location in Mechelinki – on a hill with a beautiful view of the sea just 180 m from the plot. Two buildings with 106 suites of varying sizes have been designed. All premises will be finished and partially furnished. The ReVital Centre will have 62 rooms, more than 1,000 m² of rehabilitation space equipped with state-of-the-art equipment and Origin ReVital programme rooms with a swimming pool, aqua-fitness area, spacious kitchen, and a restaurant. Comprehensive rehabilitation and therapy programmes will be dedicated to people with neurological and orthopaedic conditions. The ReVital Apartments will be located in a building adjacent to the ReVital Centre. There will be 58 suites for active seniors, a 24-hour reception and a residents' club. All suites will be finished and equipped. Assisted living services will be provided to residents on their individual needs. After the balance sheet date, the occupancy permit for Building A and Building B, together with the associated infrastructure, was received on 20 February 2024. Building C and D are scheduled for completion in late 2025 / early 2026. By the end of 2024, most of the premises in Buildings A and B had been sold, and the sale of premises in Building C is currently underway.

Neonowe Estate in Częstochowa

The project at Katedralna Street in Częstochowa involves the construction of two multi-family buildings with service facilities on the ground floor and an underground car park. The buildings will be equipped with roof-mounted solar panels to power the electrical installation of the common parts of the buildings, i.e. the lighting in the corridors and entrance halls.

The development is carried out for the most part using the "Pekabex® Residential Buildings System". The Neonowe Estate implements the idea of sustainable construction. The buildings that will be constructed as part of this development project will be comfortable for the residents and architecturally accessible and the investment project will be socially responsible. Resource-saving solutions have been taken into account at all stages of the buildings' life cycle, with consideration for the climate and the welfare of future generations. The development of the Neonowe Estate is also part of the city authorities' programme to revitalise the Old Town area of Częstochowa, which is soon to become a local centre of cultural and business life.

Neonowe Estate, Częstochowa, project visualisation

At the beginning of January 2023, the construction of the first of the two buildings of the Neonowe Estate, which fill the gap in the frontage of the Katedralna Street, where initiated. The completion of the first stage of the project is planned for the turn of 2024/2025. As of the end of December 2024, approx. 60% of the units were sold or reserved.

Casa Baia Apartments in Hel

The project consists in the construction of a modern building with 68 holiday suits and a non-residential unit. The usable area of the building is approx. 3,100 m². The project is located in one of the most touristy seaside resorts in the close vicinity of the beach, commercial establishments and the seal centre. The size of the flats on offer ranges from 25 to 93 m², and flats with mezzanine floors are located on the top floor. Prefabricated three-layer walls produced in plants in Poznań and Gdańsk and single-layer walls in 2F technology (double Filigran) from the Gdańsk plant are used in this project.

The Casa Baia building sits below sea level, yet the Group, as the only real estate developer in Hel, decided to build an underground garage. This required innovative design solutions with construction work in extremely difficult conditions. The occupancy permit was obtained on 20 December 2023. As of the end of December 2024, approx. 80% of the units were sold or reserved.

Stadtvilla Apartments in Falkensee

The project involves the construction of two high-standard multi-family buildings on the outskirts of Berlin, i.e. two-storey villas containing 5 flats of between 47 and 96 m² each with above-ground parking spaces. Construction started in August 2023. As of 26 July, the Group was granted an occupancy permit. As of the end of 2024, 50% of the units were sold or reserved.

Residential buildings in Pruszków

The project will involve the construction of residential buildings in Pruszków at Miry Zimińskiej-Sygietyńskiej Street. The development project involves the construction of approximately 239 flats and 313 parking spaces, together with surrounding infrastructure and a retail unit. Pruszków is a well-connected, sub-Warsaw town that can be reached by train from the capital in 30 minutes. Due to its location, as well as its good retail and service facilities, Pruszków is often chosen by families with children as a place to live. Older people also appreciate this location, which has all the advantages of a smaller conurbation, as well as proximity to green spaces, access to medical facilities and essential services. The Group is applying for planning permission and plans to start construction in 2025. Construction is scheduled for completion in 2027.

Residential buildings in Poznań – Milczańska Street

The project will involve the construction of residential buildings in Poznań at Milczańska Street, in one of the most desirable locations in Poznań – the area near Lake Maltańskie ("second centre of Poznań"). The development project involves the construction of approx. 105 flats and 160 parking spaces, together with surrounding infrastructure. The estate will be developed to an economy+ standard, taking into account a range of amenities designed for residents. The units will be handed over in developer standard, to be finished by purchasers. The common areas will be finished with attention to aesthetics and the positive perception of the spaces – both externally and internally. As of 2 August, the Group was granted planning permission. Construction started in early 2025. Construction completion and handover of the premises is scheduled for 2026.

Residential buildings in Ząbki

In October 2024, the Group acquired plots of land in Ząbki, near Warsaw. A complex of multi-family residential buildings with underground car park will be built on the property. The project will be carried out in two stages. The total area of the planned flats is approx. 12,000 m^2. In 2025, the project documentation will be prepared and the necessary approvals and permits will be obtained. The first phase is expected to start at the turn of 2025/2026.

Terraced housing estate in Wawer

In December 2024, the Group acquired plots of land adjacent to the site where Pekabex had previously completed the "Casa Fiore" development project. The Group plans to continue with the development of terraced houses on this site, where 32 units with a total area of 2,500 m^2 will be built. In 2025, the project documentation will be prepared and the necessary permits will be obtained. The first stage is expected to start in the last quarter of 2025.

Other development investments

The Group is developing its real estate development activities, and is continuously analysing potential new investment projects.

As at 31 December 2024, sales of premises from ongoing development projects were as follows:

Project name	number of premises	number of preliminary contracts[5]	number of premises sold[6]	vacant premises
JA_SIELSKA phase 3 (Poznań)	124	21	85	14%
Origin Mechelinki Apartments	106	-	102	4%
Revital Apartments	58	25	-	57%
Casa Baia (Hel)	69	2	52	22%
Neonowe Estate (Częstochowa)	177	59	25	53%
Falkensee	10	-	4	60%
Total	**544**	**107**	**268**	**31%**

[5] signed development or preliminary purchase contracts

[6] signed contracts transferring ownership

Production hall in Poznań

The Group continues an investment to expand the production plant in Poznań by adding a production hall, together with the reconstruction and expansion of the concrete batching plant and upgrades in the existing production halls. The investment is linked to the Group's strategic plans, including, among other things, the development of a new product in the form of bathroom modules. Bathroom modules complement Pekabex range of structural elements in the areas of multi-family housing and public buildings, bringing a number of advantages and benefits to customers by increasing the degree of prefabrication of the entire building and shortening the construction time. The value of the entire investment, including the construction of the new hall, the concrete batching plant, the modernisation of the steel yard, new machinery and technological equipment, is approx. PLN 30,000 thousand.

Production hall in Bielsko-Biała

In 2024, the Group received a decision on granting financing under the NRP measures and programme. If a financing agreement is signed and a decision is taken to implement the investment, the Group will allocate a total of approx. PLN 60,000 thousand to build and equip another production hall in Bielsko-Biała, of which equipping the new hall with technology is an investment of approx. PLN 40,000 thousand. The planned financing (if an agreement is signed) will be around PLN 15,000 thousand.

Increasing production capacity in Mszczonów

In 2024, the Group launched two innovative research and development projects financed under Priority I of the European Funds for a Modern Economy 2021-2027 (FENG) programme. Both projects are being implemented in Mszczonów, and the Group plans that their results will be a changed, more environmentally friendly and automated technology (new processes together with technological lines) for the production of prefabricated halls and an innovative system of prefabricated thin-walled three-layer walls for passive construction. Both projects are expected to be completed in 2027. The planned value of eligible costs under the projects exceeds PLN 57,000 thousand, while the obtained value of financing exceeds PLN 25,000 thousand.

Prefabricated columns, Baltic Towers, Mszczonów production plant

4.3. Other factors and events which, in the Issuer's opinion, will affect its results

Construction market in Poland

According to data from the Central Statistical Office (GUS), in 2024 there was a year-on-year decline in construction and assembly production in all construction sectors. Entities involved in the construction of civil engineering structures recorded a decline of 0.7%, those performing specialised construction works – 9.2%, and those involved in the construction of buildings – 20.0%. Referring to data for the entire 2024, compared to 2023, there was a 6.7% decrease in construction and assembly production in companies involved in civil engineering construction and, respectively, 7.3% and 9.8% in companies involved in building construction and specialised construction works.

In 2024, the main problems faced by the construction industry in Poland, and which it continues to face, were increases in operating costs, especially rapidly rising labour costs, and a reduced supply of investments, including those dependent on financing from the state budget and EU funds, such as housing support programmes, the National Recovery Plan and infrastructure development. Despite spikes in labour costs, which are materially reducing the profitability of operations, especially for smaller players in the industry, the market is not currently experiencing problems with labour shortages, thanks to the stabilisation of the number of foreigners on the market. In the short term, there should be an acceleration of the absorption of EU funds (both under the Cohesion Funds and the National Recovery Plan), which will support the long-term health of the civil engineering and specialised construction industry. As before, funds will be spent on transport (especially land), energy and telecommunications infrastructure. Experts' predictions indicate that the Monetary Policy Council will cut interest rates in 2024, which would cause investment decisions on the part of some institutional players to be postponed.

In addition, a factor that will strongly influence the construction industry in the future is the sustainability challenge. Despite the geopolitical turmoil, the main tenets of the European Green Deal have been maintained and the construction industry is only at the beginning of transforming its operating model in this respect. In March 2024, the European Parliament adopted an amendment to the EU's EPBD directive, which introduces new energy efficiency requirements for buildings in the European Union. From 2030, new buildings are to be zero-emission, and existing ones are to be gradually modernised to this standard by 2050. Therefore, public thermal modernisation programmes may have a positive impact on the recovery of the construction industry, albeit to a limited extent. The new regulations pose a number of challenges and obligations for Member States, including the preparation of national strategies and financial and advisory support programmes, but they are also expected to bring many benefits, both environmental and economic. Financing for new investments is to be redirected towards green solutions, to be facilitated by the EU's 2020 Regulation on the establishment of a framework to facilitate sustainable investment (EU Taxonomy Regulation). This is all the more important given that today the construction industry accounts for a material share of global greenhouse gas emissions. Market data shows that Polish companies have begun working to reduce their emissions, but it is also necessary to reduce the scale of waste. Achieving a circular economy in construction in the near future will not be easy, as this sector has previously focused on ensuring that the various elements of the construction chain operate efficiently, i.e. as quickly, cheaply and reliably as possible. Now there is a new factor that is difficult to implement – circularity.

The Polish market is the largest market for the Pekabex Group. The Group's strategy is to strive for an increase in the share of prefabricated concrete technology in the construction industry in general, especially in the residential construction segment, where the Group sees great potential for business growth. Modular construction is still a niche technology in the country compared to Scandinavian or Western European markets, so in both the short and long term, Poland is the Group's biggest area of business expansion.

Construction market in Germany

In 2024, Germany's GDP fell by 0.2%, marking the second consecutive year of recession. The reasons for the weaker performance of the German economy can be found in the macroeconomic model adopted decades ago, based on cheap energy from raw materials and easily accessible export markets. Germany's energy transition, which involves a move away from nuclear energy, coincided with a reduction in the supply of cheap energy resources from Russia, which came as a shock to the German economy. This caused a sharp, almost 40% increase in energy prices in a very short period of time, resulting in high inflation and higher costs for households. The consequence of this was a decline in household consumption. This resulted in an increase in interest rates, which slowed down investment, primarily in the construction industry. In addition, geopolitical risks increased, which led to a loosening of economic ties between the world's largest competing economies, making the world's largest markets, such as China, more difficult to access. The International Monetary Fund assumes that German GDP will grow by only 0.3% in 2025. Germany is Poland's main business partner. According to calculations by the

Polish Economic Institute, almost 10% of Poland's GDP depends on trade with Germany, which is why unfavourable readings from the German economy have an impact on the condition of the Polish economy, especially in terms of exports.

The forecasts for 2025 are also not optimistic. This is mainly due to persistently high inflation, higher than the average in recent years, economic growth hampered by weak foreign demand, and interest rate hikes, which are worsening investment financing conditions. The downturn is particularly acute in the residential construction market. Construction costs in Germany have reached a level that the market is no longer able to accept, which, combined with the decline in purchasing power, is causing companies to postpone the start of investments or withdraw from them altogether because projects have become unprofitable. The construction industry is a measure of the economic situation in Germany and a very important branch of the economy, accounting for 6% of German GDP (figures for 2022). Every year, EUR 380 billion is invested in construction production. According to the German Institut für Wirtschaftsforschung (Institute for Economic Research), the construction industry in Germany employs more than 2.6 million workers (figures for 2022). Despite the current difficulties of the German economy, the public finances, as well as the low private sector debt, which stands out among European countries, provide more room for manoeuvre than most other European economies have. The German construction industry is highly correlated with the economic climate, so an improvement in indicators from this sector should be expected as the overall economy recovers.

Despite the difficulties, the German economy is characterised by relatively low private sector debt and stable public finances, which gives it some room for manoeuvre compared to other European countries. However, experts predict that investment in housing construction will remain low in 2025, despite interest rate cuts, due to long planning cycles and structural investment barriers such as excessive bureaucracy.

The situation may be improved by significant public expenditure on infrastructure projects, particularly in the transport and energy sectors. The German government has announced a series of initiatives to support the construction sector – an industry affected by rising costs and high interest rates – as part of a rescue package worth tens of billions of Euros. The federal government plans to allocate significant funds to the construction of affordable housing by 2027. In addition, there are plans to encourage the conversion of empty offices and shops into flats. The aim of these measures is to alleviate the housing crisis, which has been exacerbated by rising construction costs and high interest rates. In addition, tenders for the construction of 12.5 GW of new gas-fired power plants were to begin in 2025 – 7 GW of hydrogen-compatible gas-fired power plants and 5 GW of traditional gas-fired power plants. The German federal government and Deutsche Bahn (DB) have developed the largest and most ambitious infrastructure programme for the railway network and railway stations. The aim of this project worth USD 47 billion is to ensure more reliable and punctual rail traffic and to create conditions enabling the achievement of policy objectives in the field of passenger and freight traffic.

The geographical proximity and size of the market make Germany a natural destination for the foreign expansion of Polish companies. The German market is also a promising market for the Pekabex Group. The Group is active in this market in several of its segments: a) manufacturing services provided for many years; b) a factory producing concrete prefabricated elements acquired in 2020, a residential development project near Berlin, as well as contracts awarded to the Group as a general contractor. The development of business in the German market is part of the Group's geographical diversification strategy. Over the past few years, the Group has carried out many challenging contracts in Germany (mainly in the execution of contracts –prefabrication segment), including large-volume facilities such as server rooms (data centre), infrastructure projects such as tubings for the tunnel sector (Berlin), and projects for service and public buildings using architectural concrete in Berlin, Hamburg and Munich.

Construction market in Sweden

The Swedish economy, like many European economies, is experiencing problems. Rising inflation, increasing operating costs and interest rate hikes, which halted investment, led to a collapse in the Swedish construction industry. The most difficult situation is recorded in the Swedish housing market, where this is reflected in Europe's largest property price falls. In addition, the amount of debt relative to household disposable income is high compared to other countries. The rental system in Sweden does not provide easily accessible, low-cost housing, especially in the largest cities, resulting in high debt. The number of potential buyers is at a record low, which has a negative impact on the financial condition of construction companies operating in the housing market. Sweden's economy grew by 1% in 2024 compared to 2023. Inflation in Sweden slowed down in 2024; in September and October, inflation stood at 1.6%. This was the lowest level in 3 years. The Swedish economy, despite its difficulties, has a solid foundation that will allow it to rebuild its purchasing power at a rapid pace. Sweden's economy is forecast to grow faster than that of the eurozone.

The second half of 2024 and the beginning of 2025 show a nascent recovery in residential construction. According to experts, the Swedish real estate market still generates a lot of potential for growth, as it continues to attract the interest of investors looking for stable rental cash flows.

Sweden is the Group's second most important market in Europe. Operations in this area have been developing for many years and focus mainly on the residential market. Between 2016 and 2024, Pekabex co-developed investments involving the construction of nearly 9 thousand residential units as well as public facilities (schools, hospitals) and industrial facilities. Construction has been carried out in major conurbations such as Stockholm, Malmö and Gothenburg, often in prestigious locations. The Group's largest residential projects in Scandinavia are Linaberg 19 in Stockholm, Kv Kvarnbacken in Norrköping and Ekebäckshöjd – Fas 1 in Gothenburg. Approximately 400 dwellings have been built as part of each project. In April 2023, the Group acquired a company under Swedish law with a 148-unit turnkey development contract in its portfolio, which represented the Group's entry into a new business segment in the Swedish market, namely general contracting. The company continues to implement the project and has secured another contract as general contractor for the investor Sherwin Williams.

Construction market in Poland - prefabrication

Pursuant to the report published by PMR, an analytical company, there are around 250 companies in Poland producing heavy concrete prefabricated elements. The largest companies have a key share in the analysed market: (i) the top fifteen largest companies account for 41% of the entire Polish market (sales of heavy concrete prefabricated elements in Poland – including Pekabex, with the largest share of 10.2%); (ii) the top fifty companies account for two-thirds of the value of sales of heavy concrete prefabricated elements in Poland; (iii) approximately 60 leading companies achieved revenue exceeding PLN 20 million in 2023.

In large-volume construction, most segments of the commercial construction market saw significantly weaker activity in terms of new investments in 2024. The level of modern warehouse space under construction decreased significantly and returned to the values last seen in 2020. The office market remains sluggish, with the lowest volume of this type of space under construction in over a decade. There has been a slight upturn in the retail and service space segment, but its scale is small. The growth in the pool of buildings in this segment is mainly due to the construction of retail parks and convenience centres (PMR). A factor that will definitely help the commercial property market, and consequently the market for prefabricated construction elements, is the reduction in interest rates. According to experts from concrete prefabrication companies (according to PMR), the stable and relatively favourable situation in the infrastructure sector and stable demand for prefabricated engineering elements are not able to compensate for the smaller scale of orders from the large-volume segment.

The decline in construction activity in the large-volume construction sector and the smaller number of investments being carried out have significantly increased price competition between general contractors. Faced with a limited number of new investments, contractors were forced to compete on price, which also translated into a decline in rates in the structural prefabrication segment. Investors considering construction using full concrete prefabrication technology expected offers that were financially comparable to the prices offered by general contractors implementing projects in the traditional way. With rising raw material costs, especially for cement, prefabrication companies had to either accept very low margins or give up contracts.

Rising labour costs – resulting from both the increase in the minimum wage and pressure to increase wages across the entire wage structure – pose a serious challenge for construction companies, negatively affecting their margins. At the same time, however, increasing difficulties in recruiting employees may force companies to seek solutions that reduce the labour intensity of basic construction processes.

In this context, growing interest in prefabrication technologies can be expected. Although their potential has been discussed for a long time, attempts at wider implementation have so far been hampered by external factors – such as the Covid-19 pandemic and the war in Ukraine – which have created considerable investment uncertainty.

According to experts, the current situation – strong wage growth and record low unemployment – creates conditions conducive to a real transition to wider use of prefabrication.

The reduction in the number of employees on construction sites, the significant reduction in the duration of the investment process compared to traditional methods by up to 40%, and the greater resistance of prefabricated projects to sudden and unexpected increases in the prices of raw materials and consumables, resulting from short lead times, are the key factors of prefabrication's competitive advantage in times of challenges related to cost optimisation. The use of prefabrication technology also allows for the development of a standard for individual elements while maintaining the highest quality, which translates into repeatable architectural, technical, and organisational solutions. Such optimisation allows for shorter project cycles and improved profitability of development investments. What is more, prefabrication offers the opportunity to reduce the necessary workforce and the risk associated with poor quality work by unskilled workers. Ready-made elements, manufactured in factories, arrive at the construction site, which makes it possible to minimise the number of people involved in the construction site process, thereby reducing occupational health and safety risks.

It is also worth noting the energy aspect – although the production of concrete prefabricated elements is not particularly energy-intensive, the processes involved in manufacturing the materials used in them, such as cement or steel, are much more demanding in terms of energy consumption. Therefore, despite the overall efficiency of prefabrication, rising energy prices may have a negative impact on the growth rate of this market segment to some extent.

Heavy concrete prefabrication is an important segment of Polish exports. It is primarily the domain of the largest and most experienced manufacturers, who have the appropriate facilities, certificates and established relationships with foreign partners. For smaller companies, entering export markets is a major challenge – it requires not only meeting high quality standards, but also gaining the trust of customers, which is a long and demanding process.

However, exporting prefabricated products can be very attractive, primarily due to the possibility of higher margins and the greater stability and predictability of cooperation. For example, in Western European and Scandinavian markets, the investment preparation process usually takes several months, which gives companies greater operational comfort – unlike in Poland, where investment decisions are often made in a much shorter time frame.

Currently, however, Polish exporters are struggling with difficulties resulting from stagnation in the construction markets in Germany and the Nordic countries. In these regions, the number of new investments has fallen significantly, especially in the large-volume construction segment. This makes it increasingly difficult to win new contracts, and competition is forcing margins down.

However, experts from PMR predict that as soon as foreign markets recover, companies specialising in the export of prefabricated elements will quickly return to submitting bids and implementing projects abroad. This will give companies operating mainly on the domestic market a chance to have their say. As a result, the improvement in the situation abroad may also indirectly benefit the construction sector in Poland.

The trends related to preventing the negative effects of climate change are gaining popularity in Europe. Particular emphasis is put on promoting sustainable construction. This is linked to new European Union regulations, which will further lead drive the use of innovative and energy-efficient technologies in the construction of buildings. Modern concrete prefabrication is the answer to these issues. Another advantage of building using this technology is the possibility to apply a number of pro-environmental solutions, which make the buildings more energy efficient and contribute to the idea of sustainable construction. This is important in an era of increasing awareness of social and climate responsibility issues among investors and end customers. Increasing market expectations in this respect are forcing the construction industry to change its approach to the construction process. The number of projects certified and compliant with the EU taxonomy, which use pro-climate solutions with reduced environmental impact and optimised operating costs, is increasing. As a result of the green transformation, modular building solutions are gaining in importance, offering the possibility to control the entire process of a new building, from the design stage, its erection, its use and even its disposal, which should comply with the concept of "zero waste". Modern prefabrication fits in with the new market needs, not least because it uses less cement and steel than traditional construction, which contributes to a lower carbon footprint. Construction sites where prefabrication technology is used generate less pollution and waste, and the possibility of reusing recycled prefabricated elements is in line with the principles of a circular economy (minimising waste and the use of new raw materials).

An important aspect in favour of choosing prefabrication technology for the construction of industrial buildings also include their safety, understood as resistance in the event of an unintended roof load or fire. Pre-stressed concrete girders are more resistant to the uncontrolled overloading that can be caused by heavy rainfall than steel structures. Large-scale roofs made using concrete prefabrication technology are characterised by high stability, which translates into increased safety in the use of such buildings. Prefabricated reinforced concrete structures also have good fire protection properties. During a fire, they create a fire-sheltered escape route and the reinforced concrete structural elements stop the spread of fire between fire zones, which delays the loss of structural load-bearing capacity and, in most cases, prevents total collapse of the building, also reduces the cost of rebuilding after a fire and shortens the time it takes to restore the building to use again. This translates directly into a reduction in the cost of insuring facilities built using concrete prefabrication technology by having a positive impact on the assessment of insurance risk.

In the long term, the growth of the prefabrication market will be most strongly influenced by the development forecasts for residential and non-residential construction, as well as engineering construction, which is gaining importance in this context. The factors considered in forecasts for the prefabrication market include the impact of the war in Ukraine and the prospects of its rapid post-war reconstruction, where prefabrication could be widely used as a technology that allows for erecting buildings up to two times faster than traditional construction. This could drive the development of the concrete prefabrication market in Poland. Demographics will also be conductive for the development of prefabrication. The decline in the number of professionally active people will lead to a preference for solutions that require less workforce involvement on construction sites. This is where prefabrication has an advantage over other building construction technologies, as it allows for the reduction of the number of people working on site.

Taking into account the current market situation and the factors and trends that may influence the future shape of the prefabrication market, the Group has adopted a strategy of diversifying its activities, developing simultaneously three business lines (prefabrication, general contracting, and real estate development) and increasing export, especially to Scandinavian markets and Germany. The Group is also making use of the acquisition in the German market to further develop and strengthen its position there. The Group's Management Board also sees great potential in investments in modern technological lines and process automation, which significantly increases the quality and efficiency of production. The Group takes advantage of emerging market opportunities, among others, by offering comprehensive services, also in the general contractor's role, in the field of prefabrication (i.e. design, consulting, production, delivery, assembly), which is particularly important in the case of large projects. The fact that the Group has five production sites in Poland and one in Germany, which significantly optimises transport is also a plus. In the long term, infrastructure projects in the area of expanding the national railway network also represent an opportunity for the development of prefabrication. These are to be co-financed under the European Funds for Infrastructure, Climate, and Environment programme for 2021-2027 (FEnIKS) and the Connecting Europe Facility (CEF) 2021-2027 programme. Another opportunity for the market is the potential construction of the Central Transport Port and the accompanying implementation of the so-called "railway component", worth tens of billions of Polish zlotys, as well as the launch of funds from the National Recovery Plan, whose main beneficiaries are to be the energy sector and the REPowerEu programme related to accelerating the energy transition.

Development of non-residential construction (industrial and warehouse facilities)

In the industrial and warehouse construction segment, the realisation of investments based on prefabrication technology is already the norm on the Polish market. Hence, there is a strong link between demand for structural prefabrication elements and investments in the industrial/warehouse construction segment. In general, new warehouse investments were severely limited in 2022 and 2023, and the launch of some projects was suspended. In 2024, they were slowly unfrozen and launched, but the scale of the recovery was not satisfactory, and the market is hoping for a stronger rebound in the warehouse space market in 2025 when the economic situation improves to a more noticeable degree.

In 2024, almost all segments of the commercial real estate market recorded lower levels of construction activity than the annual average calculated for recent years. This affected the situation in non-residential construction. PMR experts estimate that, in contrast to residential construction in the subsequent years of the forecast period in the baseline scenario, construction output will grow steadily and will exceed PLN 170 billion in 2029.

The development of non-residential construction in Poland is supported by, among other things: a high number of ongoing investments, especially in the warehouse and industrial sector; the growing importance of green construction and stricter environmental standards; dynamic growth of e-commerce, which drives demand for warehouse space – Poland is the leader in the CEE region (46% share of online purchases in the region in 2024). The slowdown in new investments after the outbreak of the war in Ukraine was moderate – 2023 saw the second-best result in history in terms of new supply (3.73 million m²). Between 2019 and 2023, the warehouse market grew by as much as 70%, placing Poland among the leading warehouse markets in Europe.

The Polish market, benefiting from the maturity of our sector, developed patterns, experience and location on the map of Europe, remains an important market for companies interested in shortening their supply chains and moving production closer to their markets. Automation and progress of technological processes allow for rapid development of light manufacturing in Europe, including Poland. Halls adapted for light production can be located in logistics parks, which diversifies the use of these facilities. In the years to come, a great share of manufacturing real estate in the sales structure is to be expected, not least due to the growing importance of nearshoring (a business strategy consisting in outsourcing part of a company's work to a nearby country) and friendshoring (a business strategy consisting in the collaboration of supplier networks of countries that cooperate on a political and military level). In addition, there is a great deal of interest in city logistics, which is forecast to become increasingly popular as competition between companies is no longer just about price and product quality, but also about speed of delivery to customers. This type of facility is also attractive to courier companies. Last mile logistics facilities, located close to large urban agglomerations or in cities, respond to the market's need to reduce delivery times to end customers, so real estate developers are bringing more and more of these types of facilities to the market, and their share of total warehouse and logistics space will grow steadily. Prime products in 'core' and 'core+' locations will continue to attract the most interest. There is also an increase in the popularity of green solutions. These include the use of solutions that offer superior energy and water efficiency in buildings and the use of renewable energy sources. Many real estate developers are choosing to certify projects under the international BREEAM and LEED system. The fact that more and more investors are communicating their sustainability (ESG) measures to customers also drives the popularity of green solutions. To this must be added modern technological solutions based on artificial intelligence and machine learning, IoT (Internet of Things), RFID technology or mobile robotics entering the warehouse and logistics market. Human labour and the maintenance of warehouse space are becoming more and more expensive, so thanks to modern technology, the future will be to measure space not in square metres but in efficiency and flexibility. This is already the case in warehouses serving just-in-time production, where the same systems can be used to carry out stocking, sorting, picking or assembly, or robotised shuttle systems for storing and transporting goods in racking channels.

The Pekabex Group's answer to warehousing market demand is the "Pekabex® Hall System". The system incorporates the latest legally protected construction solutions (patents and utility models – filed and obtained in the Patent Office) to provide customers with the optimum combination of the lowest possible price, quality, performance and speed of construction. Comprehensive structural solutions make it possible to realise production and storage facilities, as well as complex industrial plants such as a coffee roasting plant, a mint or a bakery. The "Pekabex® Hall System" offers a reduced carbon footprint thanks to the lower use of cement in the construction and, thanks to the high load-bearing capacity of the roof structures erected, it allows for the installation of solar systems that produce green energy.

Residential construction market

The number of new construction projects is a key indicator of the housing market potential in the coming periods. The residential construction market is heavily dependent on investment decisions made in previous periods. Hence, in 2024, development projects started in 2023 and even earlier were still being implemented. PMR experts predict that 2025 will still be a year 'in red' in terms of completed investments. The projected declines are also influenced by the inflationary environment and high interest rates. Lower interest rates will obviously contribute to a revival in the mortgage and corporate investment loan markets. A rebound and improvement in the housing market will begin to be noticeable in 2026.

The development of residential construction in Poland is supported by numerous factors. The market quickly recovered after the recent slowdown, and the stable situation on the labour market and low unemployment are conducive to demand for flats – despite high prices. The high level of interest in real estate confirms confidence in the sector's potential, which is reflected in the aggressive strategies of the largest developers and the growing involvement of commercial companies in the residential segment.

In addition, the persistent housing shortage and limited availability of affordable housing create a need for residential projects, especially for people with lower incomes. Slowing price growth increases the chances of interest rate cuts, which could improve access to credit. The market is also supported by the growing activity of investment funds in the institutional rental sector (PRS), which generates additional demand and momentum for new investments.

The average duration of construction of a new residential building (calculated from the date of construction commencement to the date of putting into service) was 43.6 months in 2024. Residential construction was dominated by traditional improved construction technology*, which was used in the construction of approx. 99% of new residential buildings put into use. At the same time, there is a noticeable trend of increasing popularity of the application of solutions in the field of prefabricated housing in Poland. It meets the market demand, mainly due to the speed of erection of buildings and the repeatability of solutions. Facilities constructed in the prefabricated technology are completed in half the time necessary to erect them in a traditional manner. Although traditional construction will remain the dominant technology for the construction of residential buildings for many years to come, the share of prefabrication technology is forecast to increase from 1-2% in the last few years to 8-10% in the next decade. The Group's Management Board sees great potential for the development of prefabrication in the residential segment. There is growing interest in modular construction among developers, particularly because of the pace of work. Building with prefabricated elements speeds up investments, guarantees repeatable high quality and, as the financing costs and prices of materials rise and the available of construction services decreases, it becomes relatively cheaper and more convenient.

The use of prefabricated elements in construction is changing in line with the trends set by Western Europe, and the disparity in their use will continue to decrease. In addition to selling prefabricated products to the residential market, the Group also carries out development projects as a general contractor. It has realised, among others, flats as part of the Mieszkanie Plus programme in Toruń and Sianów, as well as for other investors of multi-family buildings, e.g. in Włocławek and Poznań. The Group also carries out its own property development projects (described in section 4.2). The Group has developed the "Pekabex® Residential Buildings System" dedicated mainly to multi-family housing, but applicable also to public and collective housing buildings. The technology used in the System makes it possible to erect buildings at a rate unattainable for traditional construction, which translates into a reduction of investment costs and faster return on investment. In addition, buildings constructed on the basis of the System also allow to obtain a higher usable area rate, which translates into higher revenue from investment. The System is a practical solution that allows for combining it with other elements available on the market. The Group also offers a solution in the field of residential construction addressed directly to individual customers, P.HOMES. It is a system for the construction of single-family houses in prefabrication technology. The technology used to build P.HOMES houses significantly exceeds the load-bearing and strength parameters of wooden, LECA and concrete, as well as brick houses. The technology of prefabricated elements allows for quick and effective assembly of the house structure in less than a month, while ensuring the extraordinary durability of the building. P.HOMES is a sustainable construction solution in which environmental aspects play a leading role. The constructed low-energy buildings are warm and have a low humidity. Within the scope of P.HOMES, the Group offers comprehensive construction of turnkey or builder's finish buildings. The Group offers the implementation of all stages of the project, from design to the acceptance of the finished residential building with all installations and plot development. The Group's P.HOMES offer includes the possibility of selecting a ready-made building design out of 11 modern and functional house designs available or configuring your own house, which can be up to seven times cheaper in use than traditional buildings.

Short-, medium- and long-term perspective
The Group's Management Board is committed to safe and sustainable growth that takes into account the expectations of shareholders, customers and other stakeholder groups. The Group's value is being built by focusing on improving the margins of its order portfolio and acquiring new construction contracts and its own development projects. The Group's Management Board implements a policy of geographical diversification (the largest markets are, apart from Poland, Scandinavia and Germany), segmental diversification (three business lines: prefabrication, general investment execution, property development) and product diversification (prefabricates can be used in every segment of the construction market: warehouse and logistics buildings, production halls, residential buildings, etc.).

Key internal factors relevant for the competitiveness and development of the company

High quality of products
Thanks to the use of modern technical and technological solutions, prefabricated structures manufactured by the Group are of very high quality. They offer very high parameters, e.g. in terms of load-bearing capacity, span and fire resistance. The Group operates an Integrated Management System based on three cooperating systems, namely: Quality Management System in line with the PN-EN ISO 9001:2015 standard, Occupational Health and Safety Management System in line with the PN-ISO 45001:2018 standard and Environmental Management System in line with the PN-EN ISO 14001:2015 standard. The production of concrete prefabricated elements takes place under controlled factory conditions, allowing supervision at every stage of the element's creation, starting with the design. The Group's products are characterised by precision workmanship and high quality. The Group also manufactures architectural concrete elements at its production facilities, which require specialised processing and in order to ensure the desired quality and aesthetic qualities, such as a photoconcrete effect or a surface as smooth as when covered with plaster. The Group has adequate intellectual resources and production capacity to implement the most difficult projects, and its highly qualified personnel, through their experience, knowledge and competence, further strengthens Pekabex competitive advantage. The Group also offers BREEAM and LEED certification, in line with the European trend of promoting construction based on the principles of respect for nature and minimising negative impacts on the environment.

Product diversification and comprehensive of the offer
The operating activities of the Group can be divided into several segments. Thanks to this diversity, the Group can take advantage of the economic situation both as (i) a subcontractor – manufacturer of prefabricated elements, including for warehouse (industrial) and residential buildings (ii), as a general contractor, successfully making use of its comprehensive knowledge and experience, and (iii) as a developer, carrying out residential projects on its own account.
In the opinion of the Management Board, investors in Poland have an increasing appreciation of innovative and comprehensive solutions, including both consultancy in the area of prefabricated technology, and design, production, transport and assembly of precast units, as well as comprehensive development of facilities as a general contractor. For Pekabex, the coordination of the entire construction process increases the flexibility of the production processes thanks to the possibility to more precisely plan the demand for prefabricated products within a given period. The Group intends to continue the development of its product offering, including more technologically complex, higher-margin products, while also developing solutions that are cheaper for the end-user and more environmentally friendly by using technologies to reduce, for example, steel in components.

Market expansion
The Group plans to increase its share of sales in the markets of Western Europe and Scandinavia, primarily through a stronger presence. The Group's structure includes a branch in Germany, owned by Pekabex Pref, branches in Sweden and Denmark, owned by Pekabex Bet, and general contracting companies in Germany, Sweden and the United Kingdom. Contracts are primarily carried out in Poland, but also in Germany, Sweden and Denmark, while production services are provided in Poland and Germany. Development projects involving the construction of residential buildings, carried out as the Group's own investments, are conducted not only in Poland but also in Germany. To this end, the Group made an acquisition in the German market at the end of 2020 by acquiring shares (in cooperation with Fundusz Ekspansji Zagranicznej Inwestycyjny Zamknięty Aktywów Niepublicznych [Foreign Expansion Closed Investment Fund], managed by PFR) in the German company G + M GmbH. With this transaction, the Group took possession of a production facility in Germany, located in Marktzeuln (Bavaria). The presence of companies operating abroad in the structure makes the Group's potential and competitiveness grow and

opens up the possibility of conquering new markets and broadening the group of target customers. The Group also includes companies whose activities focus on the execution of contracts as general contractors. One of them is Betbygg Sverige AB, a Swedish company currently executing a contract for the construction of residential buildings in Sweden. The second one is a German company – PGU GmbH. The companies are to enable the Group to enter a new segment of activity on the Swedish and German foreign markets, namely general contracting, which is in line with the Pekabex Group's strategy, which includes, among other things, a focus on foreign expansion and the related geographical diversification of revenue sources.

Automation and digitisation

Automation and digitalisation are embedded in the Pekabex Group's strategy as a key factor in increasing competitive advantage. The Management Board believes that automation is the future of construction production belongs, as it plays a key role in increasing the efficiency and quality of production processes. The Group's investment policy is directed towards the purchase of appropriate machinery, equipment and systems to influence sustainable development, reduce operating costs and optimise work. The Group also puts emphasis on investment in innovative technologies, which is also carried out through special units within the Group established for this very purpose. As part of the Management Board's production automation strategy a Pekabex Engineering unit has been established in the Group's plants. It is dedicated, among other tasks, to the implementation of this strategy. The Group's Management Board believes that the future belongs to new technologies, which is why Pekabex Engineering employs high-class specialists whose priority at work is to strive to streamline, improve, and perfect production processes based on innovative solutions. In addition, within the IT department, a section dedicated to supporting the automation and computerisation of processes carried out in the Group was established, and the process of developing an ERP system integrating most of the Group's processes continued. Within the Group's structures, the fully-automated Gdańsk II production facility, which is one of the most modern factories of its kind in Europe, has been in operation since the end of 2020. An innovative process line for the automated production of prefabricated Filigran floors and walls has been installed at the plant. As part of process optimisation, the Group has the Production Process Recording System in place at its production facilities, which measures processes, providing data that allow for identification of areas for improvement and further automation. Production reporting is implemented in all Group factories and the data from the reports is also used to improve work in other departments such as the Execution Department, the Sales Department and the Warehouse.

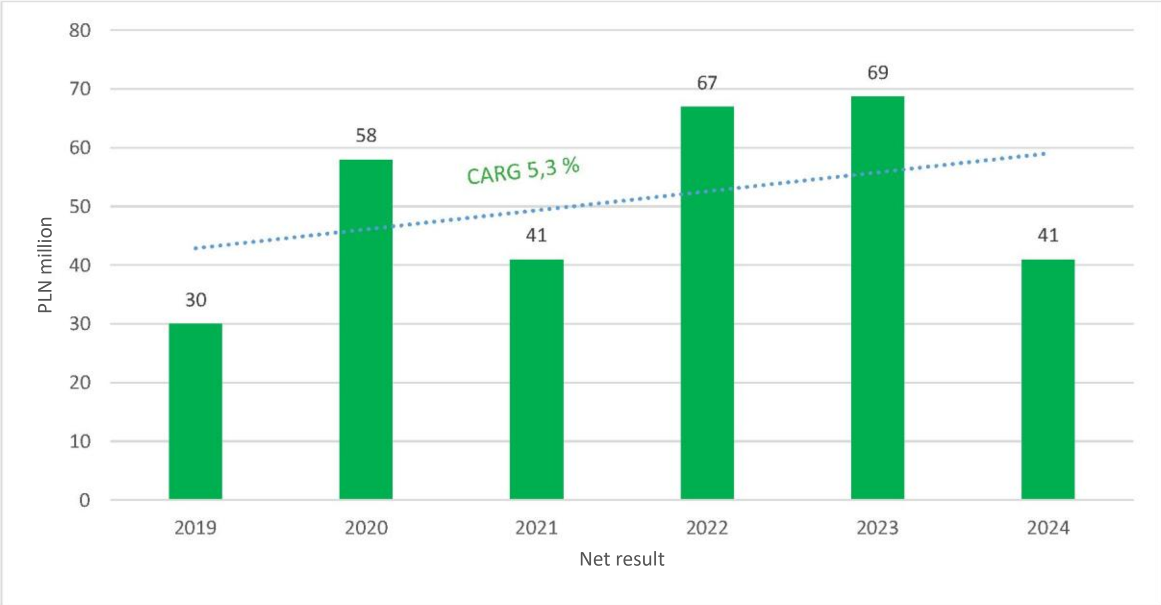
Technological and product innovation

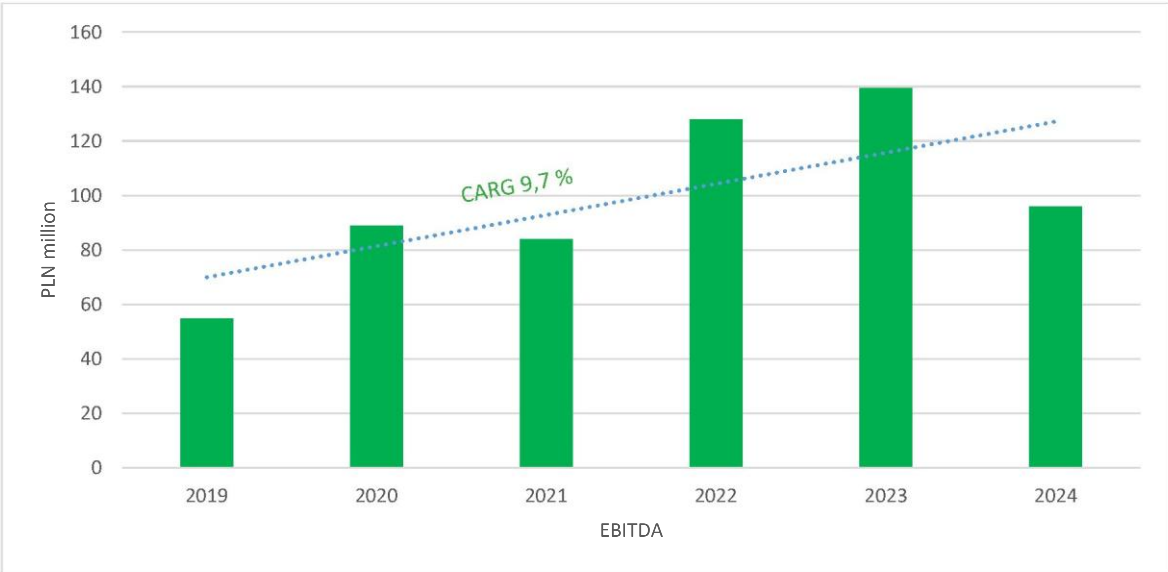
According to experts, the innovations that will enable the construction industry to develop in the long term are augmented reality and software for the sector, and data management systems. Building Information Modelling (BIM), which is the basis for further digitisation of implemented projects, will have a material impact on the increase in the efficiency and productivity of construction companies. However, digitisation in the industry should not only be limited to BIM, but also include digitisation of all process chains. Digitalisation is most profitable in the areas where the most mistakes are made. Experts jointly distinguished the key directions of implementation of innovations in the construction industry, including the use of artificial intelligence, drone systems and robotisation. The Group has been working on the development of prefabrication technology for years, and has its own Research and Development Centre. In order to effectively compete on the market, Pekabex has developed a number of innovative solutions, which it has applied for as utility models and inventions. These include, among others, connectors for prefabricated elements accelerating assembly processes, modern and high-quality finished prefabricated elements and innovative technological processes. The Group supplements its offer of prefabricated products with complementary services in the form of consulting on this technology, which will strengthen its competitive advantage within the scope of more technologically complex products and construction solutions.

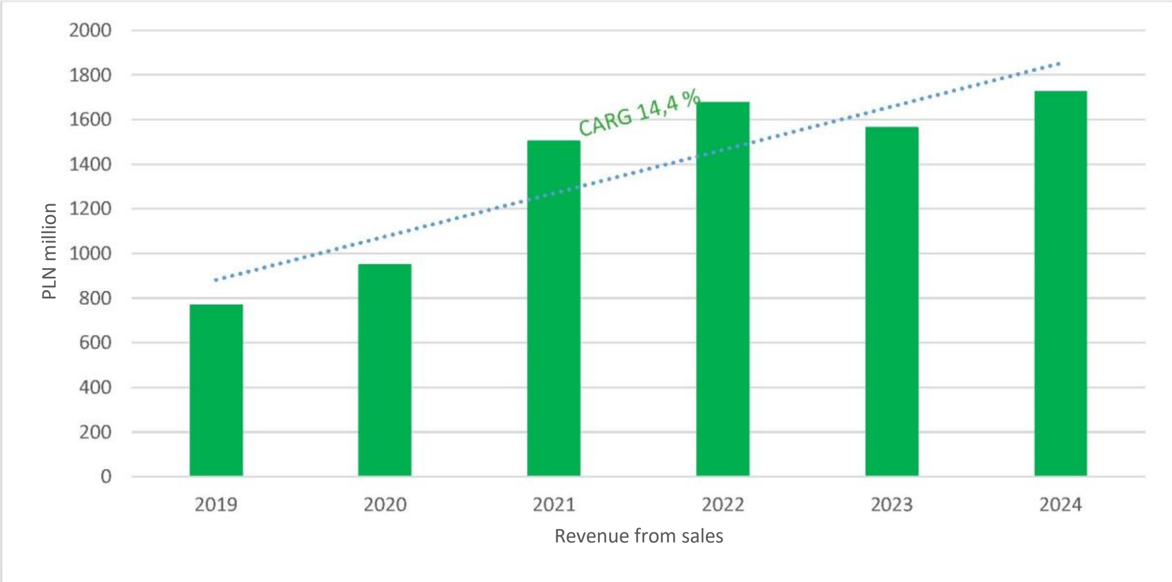
The Group has completed and is currently implementing research and development projects co-financed by EU funds (described in the "Research and Development" section of this report) and ranked first among entities with the highest number of utility model applications in the published Report on the Analysis of Inventive Activity in Wielkopolska in the years 2018-2022, published by the Local Government of the Wielkopolska Voivodeship.

Stable financial position
The Pekabex Group has significant financial resources, which it manages with a view to, among other things, fulfilling its internal financial forecasts by meeting budget assumptions and achieving the assumed rate of return on long-term investments. Decisions taken by the Management Board strengthen the market position of the Pekabex Group and allow long-term implementation of investment plans in the periods forecast by the Group.

The charts below present the basic values and indicators showing the development of the Group in recent years.






2000
1800
1600
1400
1200
1000
800
600
400
200
0
PLN million
CARG 14,4 %
2019
2020
2021
2022
2023
2024
Revenue from sales

5. Relevant risk and hazard factors

Implementation and operation of the risk management system is the responsibility of the Company's Management Board. The Board regularly carries out process of risk analysis and identification of key risks. All risks identified during this process are assessed in terms of frequency and severity of materialisation.

The Management Board of the Parent Company is continuously monitoring developments related to the war in Ukraine. Detailed information on the possible impact of the war in Ukraine on the Group's operations is provided in the introduction to the Pekabex Group consolidated financial statements.
The activities conducted by the Issuer and the entire Group, as is the case with other companies operating in this sector, are exposed to various types of risk related to both the macroeconomic situation and the internal situation of the Company and the Group. A description of the risks and threats relating to financial resources is provided in section 3.6 of this report.
A description of material risk factors and risks associated with the Group's activities that may adversely affect policies applied in relation to employee, social, environmental and climate issues (sustainability risks), can be found in the sustainability statement in note SBM-3 Material impacts, risks and opportunities and their interrelationship with strategy and business model of this document.

Risk related to the macroeconomic situation

The achievement of the Group's strategic objectives and financial results is affected by, among other things, macroeconomic factors, whose effects are independent of the company's actions. These include the stability of the political situation, inflation, the general condition of the Polish economy, changes in the economic situation, the level of gross domestic product, tax policy, changes in interest rates and national real estate market policy. The Group's business activity is primarily closely dependent on the construction industry situation, investment demand, enterprises' development plans and plans concerning infrastructure expenditure.
In connection with the economic and political situation (war in Ukraine), the development of industries in which the Group operates or intends to operate may be slowed down due to, for instance, suspension of investment processes, incomplete implementation of investment goals, abandonment of the implementation of investment programmes and changes in the investment conception, often after the completion of two-stage tendering procedures, which are costly for bidders.
The construction industry is highly sensitive to the macroeconomic situation and its development is highly dependent on the economic cycle. From the point of view of the Company's strategic decisions, the ability to adapt the organisation and its operations to the changing economic situation in the country and in the regions where the Group companies implement projects is of key importance for the Group.

In order to minimise the risk, the Group monitors the market situation and cooperates with recognised external advisers.
The Company conducts activities aimed at cost optimisation and development on new markets. The actions undertaken are aimed at preparing the financial and organisational side of the Group for changing business cycles.

Risk of slowdown in the development of the industries in which the Group operates

In connection with the current economic and political situation, the development of industries in which the Group operates or intends to operate, may be slowed down due to, for instance, suspension of investment processes, incomplete implementation of investment assumptions, abandonment of the investment programmes and changes in the investment conception, often after the completion of two-stage tendering procedures, which are costly for bidders. If the development of industries in which the Group operates is halted, its operations, financial position, results of operations or prospects may be adversely affected.

The Group diversifies its revenue sources, also by operating on foreign markets, which allows it to mitigate the risks associated with slower growth in particular industries. Moreover, in order to minimise the risk, the company monitors the market situation and conducts activities aimed at cost optimisation and development on new markets.

Risk related to strategic objectives

The strategic objectives of the Group may not be achieved. The market on which the Group companies operate is subject to constant changes, therefore its financial situation depends on developing an effective, long-term strategy and adapting it to changing conditions. All wrong decisions made as a result of inability to adapt to changing market conditions may have a material adverse impact on the Group's operations, financial position, results or development prospects. In order to minimise the risk, the Management Board monitors and directs the implementation of the Group's strategy on an ongoing basis.

Risk related to the nature of construction activity

Construction activity is based on the execution of individual contracts, and the results obtained from it often depend on external factors not attributable to the contractor. Delays and downtimes in the implementation of construction projects may be caused by, among others: (i) deficiencies or errors in the design documentation prepared by the contracting party; (ii) exceeding the legal deadlines for obtaining appropriate decisions and approvals necessary to execute the construction work contract; (iii) adverse weather conditions; (iv) unfavourable ground conditions; (v) other factors, including political factors directly or indirectly (war in Ukraine), that are unforeseeable at the stage of preparing the design and related works. Delays and work downtimes may hinder effective management of operating costs, which may result in a temporary reduction in the Group's production potential and have a negative impact on its financial results.

The Group makes every effort to ensure that the contracts concluded do not contain any provisions sanctioning disadvantageous situations for the Group. At the same time, it employs highly qualified staff.

Risk related to the loss of capability to execute contracts as a result of failure, destruction or loss of assets

In the event of the failure of machines used by the Group companies, their damage or loss, there may be a risk of temporary suspension of execution of the concluded contracts, in whole or in a substantial part. Material downtime may lead to failure to meet agreed contract execution deadlines and may result in contractual penalties, which may have a negative impact on the Group's operations, financial position or results.
The Group monitors the machinery park on an ongoing basis, carries out modernisations and expansions, and has appropriate insurance at an adequate level. Additionally, in the event of a failure, production may be transferred to other Group plants.

Risk of failure of M&A transactions

The Management Board of Poznańska Korporacja Budowlana Pekabex S.A. does not exclude that in order to strengthen its primary business, further development of the Group or entering into complementary activities may take place through mergers and acquisitions. A merger or acquisition transaction may give rise to a number of material risk factors, the intensity of which may increase as the scope of the target company's activities differs from the Group's business profile. There is a risk that the future results of acquired entities and synergy effects will be worse than expected or the occurrence of the planned synergies will be significantly delayed. It also cannot be ruled out that events adversely affecting the results of the acquired entities (e.g. undisclosed liabilities towards third parties) will be disclosed after the transaction has been completed. Therefore, even exercising the utmost diligence may not allow to protect against the occurrence of the risk factors described above. Any deviation from the assumed transaction objectives, as well as the disclosed liabilities, may have a material adverse effect on the Group's future financial results. In addition, the execution of mergers and acquisitions involves the succession of rights and obligations of the acquired entity on a formal basis. The scope of responsibility for the liabilities of an entity participating in the consolidation process is determined by the provisions of law. Therefore, in the event that certain liabilities are disclosed after the transaction has been finalised, there is a risk that this may adversely affect the Group both in terms of financial results and formal legal position.
In order to minimise the risk of acquiring an entity burdened with risks (ranging from equity to legal and organisational risks), the Group performs a legal, functional and organisational audit of the entity to be acquired before making any financial commitments.
Before making an investment decision, the Group also considers the possibility of carrying out a transaction together with a partner and the impact of such a solution on reducing the Group's risk.
Additionally, the Group prepares plans for its operations after the expansion of operations.

Risk related to guarantees

In connection with their business activity, the Group companies commission insurance companies and banks to issue guarantees concerning, among others, payment of the bid bond, proper execution of the contract, proper removal of flaws and defects, and reimbursement of advance payments, which are required by investors, ordering parties and other contracting parties. If the contracting party is satisfied with guarantees granted by insurance companies and banks at the request of the Group companies, the guarantors will be entitled to a claim against the Group companies for the repayment of the amount paid, increased by the costs of the guarantee execution, with interest. In addition, in the event of breach of the Group companies' obligations under agreements with insurance companies and banks, on the basis of which guarantees are issued, these entities will be able to satisfy their claims through the performance of collaterals indicated in the agreements.
The Group applies internal procedures for monitoring and controlling the production process, and the execution of contracts. This means that its reaction to events is immediate.

Risk related to concluding contracts with related parties

The Group companies enter into transactions with other entities belonging to the Group, including related entities within the meaning of the Corporate Income Tax Act. These transactions ensure effective conduct of business activity within the Group and include, among others, mutual rendering of services, including design services, execution of works and sale of goods. Due to the specific nature of transactions between related parties, the complexity and the ambiguity of legal regulations concerning the methods of examining the applied prices and the difficulties in identifying comparable transactions, it cannot be excluded that the methods of determining arm's length conditions adopted by the Group entities will be challenged by tax authorities or tax inspection authorities. This may have a material adverse effect on the Group's operations, financial position, results or prospects.
As a general rule, the Group does not conclude agreements with related entities on terms other than arm's length terms. The Group employs qualified staff and monitors changes in regulations and judicial decisions on an ongoing basis, cooperating with recognised external advisers, and applies for individual interpretations.

Risk related to the possibility of breach of obligations under financial contracts by Group companies

Financial agreements concluded by the Group companies as part of their business activities impose on them, among others, obligations to maintain specific financial ratios at agreed levels, and to provide information, including information on their financial position. Non-compliance with these obligations and breaches of prohibitions may result in the termination of the agreement and the obligation to repay the credit early. In addition, the financing entity may be entitled to satisfaction through the exercise of rights related to the established collaterals, including the acquisition of ownership of the encumbered assets of the Group or an order to sell them. Additionally, the Group companies use part of their car fleets, computer hardware, machines and devices under lease agreements. Non-execution of obligations under lease agreements or other breach of their provisions may result in termination of the agreements by the financing parties and the obligation to return the leased assets, which may affect the Group companies' ability to conduct business activities and, consequently, the possibility of performing obligations under contracts.
The Group applies internal procedures for monitoring and reporting obligations arising from financial agreements and fulfils them in a timely manner. The Group monitors and adjusts its financial policy to operational needs on an ongoing basis.

Risks related to financing agreements and bonds

The benefits from the financing agreements (loans, advances) and bonds consist of the repayment of principal or redemption of bonds through payment of their nominal value and payment of interest and, in some cases, also of bonuses. Such services will not be provided or may be delayed if, as a result of the deterioration of the financial standing, the Company does not have sufficient funds at its disposal on the due dates. In the event of failure to meet the obligations under the agreements when due, in whole or in part, the creditors, including bondholders, shall be entitled to make a written demand for immediate repayment of the entire agreement or early redemption of all bonds held by them. In addition, failure to meet obligations associated with the financing agreements or bonds may result in the risk of the Company's bankruptcy and, consequently, the risk of losing all or part of the funds invested in the bonds. The bonds do not constitute a bank deposit and are not covered by any deposit guarantee scheme.
The Group monitors its obligations under the concluded agreements and fulfils them in a timely manner. Moreover, it monitors and adapts its financial policy to operational needs on an ongoing basis.

Risk of insufficient insurance protection

Insurance policies held by the Group may not protect it against all risks and losses it may incur in connection with its operations. Certain types of insurance may be entirely unavailable or unavailable on commercially reasonable terms, for example, in the case of risks related to natural disasters, terrorist attacks or wars. Other factors, including, in particular inflation, changes in construction law and environmental issues, may also make insurance proceeds insufficient to repair the damage suffered. Additionally, the Group may incur significant losses or damage for which it is impossible to obtain full or any compensation. This means that the Group may not be covered by sufficient insurance protection against all damages it may incur. Nor can it ensure that in the future there will be no material losses exceeding the limits of insurance protection.
The Group periodically verifies the level of insurance protection, and in the case of the implemented agreements, analyses the adequacy of insurance held in relation to operational risks and customer requirements on an ongoing basis. The Group cooperates with an experienced insurance broker.
The Group has property, civil liability (including personal liability), transport, construction and assembly risks, machinery and equipment, electronic equipment, cyber risk and employee accident insurance.

Risks related to tax, administrative and legal proceedings

The Group companies are parties to tax, administrative and legal proceedings, including ones related to receivables and liabilities under trade agreements. There is a possibility that an outcome may be unfavourable for the Group. Moreover, it is possible that in the future other proceedings may be instituted against the Group companies or by the Group companies in connection with its business activity, whose outcomes may be unfavourable for the Group. Some of the unfavourable decisions made in legal, arbitration or administrative proceedings may have a material adverse effect on the Group's operations, financial performance, financial condition or development prospects.
The Group employs qualified staff and monitors changes in regulations and judicial decisions on an ongoing basis, cooperating with recognised external law firms. When regulations change, the Group adjusts to the new rules and obligations.

Risk related to competition

The Group's operations are exposed to the risk of competition from entities that offer services in the same markets. In particular, the Group is exposed to significant competition on the large-volume construction market, where it offers the execution and assembly of prefabricated constructions. Due to strong competition on the Polish construction and prefabrication market, the Group also accepts orders from foreign customers, geographically diversifying its revenue from sales.
The Pekabex Group reduces the competition risk by ensuring the high quality of services provided, systematic improvement of knowledge and qualifications in the field of modern technologies, diversification of revenue sources (product and geographical), comprehensive services and customer service, innovation, investing in highly qualified engineers and specialists, systematic improvement of efficiency and effectiveness.

Risk related to the change of tax law regulations and its interpretation, and to the change of individual interpretations of tax law regulations received by the Group companies

Tax law regulations are complicated and opaque, and subject to frequent changes. There is a risk that with the introduction of new regulations, the Group companies will have to incur significant costs related to their compliance and/or non-compliance with the new regulations. Additionally, tax authorities apply tax law in a non-uniform manner, and there are material discrepancies in the judicial decisions of administrative courts in the area of tax law. The Company cannot guarantee that tax authorities will not interpret tax regulations implemented by the Group companies in a different way, one that is unfavourable for the companies. It also cannot be ruled out that individual tax interpretations obtained and applied by the Group companies will be challenged. In view of the above, there is a possibility of potential disputes with tax authorities, and the resulting questioning of the correctness of the Group's companies' tax settlements in the area of non-time-barred tax liabilities and determination of tax arrears of these entities. Moreover, due to the fact that the Group operates in various jurisdictions, it is also affected by double taxation avoidance agreements concluded by the Republic of Poland with other countries. A different interpretation of these agreements by tax authorities, and amendments to these agreements, may also have a material adverse effect on the Group's operations, financial position or results. In addition, in 2017, regulations on VAT reverse charge were introduced with respect to the specified types of construction services (as of the balance sheet date no longer in force). Due to the lack of practice and judicial decisions regarding the implementation of new regulations, there is a risk of misinterpretation by the Group companies, and consequently issuing invoices with an incorrect VAT rate, which will result in the necessity to make corrections and possible refunds of underestimated tax.
The Group employs qualified staff and monitors changes in regulations and judicial decisions on an ongoing basis, cooperating with recognised external advisers, and applies for individual interpretations.

Risks related to changes in foreign law and/or misinterpretation of the law

The Group also operates abroad, mainly in Germany and Scandinavia. Foreign law provisions may be subject to different (including erroneous) interpretations and may be applied in a non-uniform manner. In addition, the laws of the jurisdictions in which the Group operates are subject to change. It is impossible to rule out the risk that the introduction of new regulations will lead to significant costs associated with the need to adapt to them and to possible costs associated with non-compliance. The Group cannot guarantee that its interpretations of regulations in force in the countries in which it operates will not be questioned, which may result in corresponding legal consequences for the Group. This may have a material adverse effect on the Group's financial position or results.
The Group employs qualified staff and cooperates with recognised external advisers. When regulations change, the Group adjusts to the requirements resulting from the new rules and obligations.

Risk related to operations on markets other than the Polish market

The Group also operates in Germany, Sweden and Denmark. Statutory law is the foundation of civil law. The regulations in force in the countries mentioned are subject to various interpretations and may be applied in a non-uniform manner. The Group cannot ensure that its interpretation of the laws of the countries in which it operates will not be questioned, and any such questioning may result in a penalty or fine or a necessity to change its practice. All this may have a material adverse effect on the Group's financial position or results.
The Group employs qualified staff and cooperates with recognised external advisers.

Risk of having to repay subsidies received

The Group is a beneficiary of programmes funding research, development and innovation from European Union funds, distributed in Poland through competitions announced by the National Centre for Research and Development.
If the conditions set out in the agreement signed by the Group company and the National Research and Development Centre are not met, the company may be obliged to repay the subsidy in whole or in part, with interest. This situation may have a material adverse effect on the Group's financial position, or results.
The Group employs qualified staff and cooperates with recognised external advisers.

Risk related to the internal control system in the Company's structures

It cannot be ruled out that the procedures existing in the Company will not be fully suitable for the Company and the Group activities, and consequently will not become a source of reliable information about the Company and the Group. This may have an adverse effect on the effectiveness of the way the Company is managed and, consequently, on the Group's development prospects and financial results.
The Group reviews and updates its procedures in accordance with changes in regulations and ongoing internal processes.

Risk factors related to the capital market

Risk related to suspension of trading
Pursuant to the provisions of § 30 of the Rules of the Warsaw Stock Exchange ("WSE"), trading in the Company's shares may be suspended by the Management Board of the WSE for a period of up to three months if a Company violates the regulations governing the WSE, if the safety and interests of trading participants so require or upon the request of the Company.

Risks related to the exclusion of securities from the stock exchange

Pursuant to § 31 of the WSE Rules, the WSE Management Board excludes the Company's shares from stock exchange trading in certain cases.

Risks related to share price volatility

Securities issued by public companies periodically experience significant changes in their trading price and volume, which may have a material adverse effect on the share price. Fluctuations in the securities market may also have an adverse effect on the share price, regardless of the Group's business, financial condition and results of its operations or prospects. Therefore, the execution of purchase and sale orders for shares might not take place at the expected level.

Risk of limited liquidity of shares

The admission and introduction of shares to trading on the WSE does not guarantee their sufficient liquidity. Companies listed on stock exchanges experience periodic, significant fluctuations in the trading volume of their securities, which can also have a material adverse effect on the market price of the shares.

Risk related to administrative sanctions for violations of the Public Offering Act and the Act on Trading in Financial Instruments

If the Company fails to perform or improperly performs the obligations referred to in the Acts and in Regulation 809/2004, the Financial Supervision Authority may issue a decision on excluding the securities from trading on the regulated market, for a definite period or indefinitely, or apply other sanctions.

Risk related to publishing reports on the Company or changing the recommendation to a negative one

Reports on companies published by stock analysts have an impact on the stock price and liquidity of shares.

The Group employs qualified staff and cooperates with recognised external advisers. When regulations change, the Group adjusts to the requirements resulting from the new rules and obligations.
The Group reviews and updates its procedures in accordance with changes in regulations and ongoing internal processes.

6. Statement on the implementation of corporate governance principles

6.1. The set of principles to which Pekabex S.A. is subject

Poznańska Korporacja Budowlana Pekabex S.A. and its bodies have, since 1 July 2021, applied the corporate governance principles set out in the document “Good Practices of Companies Listed on the Warsaw Stock Exchange 2021”, adopted by Resolution No. 13/1834/2021 of the Supervisory Board of the Giełda Papierów Wartościowych w Warszawie S.A. of 29 March 2021, with the exception of the following:

Principle 1.4.2.
The information posted on the website on the ESG strategy should, among other things: present the value of the gender pay gap ratio paid to its employees, calculated as a percentage of the difference between the average monthly pay (including bonuses, prizes and other allowances) of women and men for the last year, and present information on the actions taken to eliminate possible inequalities in this respect, together with a presentation of the risks involved and the time horizon over which equality is planned to be achieved.
The Company does not present the gender gap pay ratio for Poznańska Korporacja Budowlana Pekabex S.A. because as a holding company it does not, as a rule, employ staff, and salaries in the Pekabex Group are set individually depending on competence, experience and other factors determining the employee’s value to the Group.

Principle 2.1.
The company should have a diversity policy for the Management Board and the Supervisory Board, adopted by the supervisory board or the general meeting respectively. The diversity policy sets out diversity objectives and criteria in areas such as gender, field of study, specialist knowledge, age and work experience, among others, and indicates when and how the achievement of these objectives will be monitored. In terms of gender diversity, the condition for ensuring the diversity of the company’s bodies is that the minority participation in the respective body is no less than 30%.
The members of the Supervisory Board are elected by the shareholders, and the members of the Management Board are elected by the members of the Supervisory Board at their discretion. Therefore, in the Company’s opinion, there is no need to adopt a diversity policy. Past practice has shown that members of the Company’s bodies have been selected on the basis of their competence and professional experience, and not on the basis of their membership of particular social groups, gender or minorities.

Principle 2.2.
The persons deciding on the election of the members of the company’s Management Board or Supervisory Board should ensure the comprehensiveness of these bodies by selecting diversity in their composition, making it possible, among other things, to achieve the target ratio of a minimum minority shareholding set at no less than 30%, in line with the objectives set out in the adopted diversity policy referred to in principle 2.1.
Past practice has shown that members of the Company’s bodies have been selected on the basis of their competence and professional experience, and not on the basis of their membership of particular social groups, gender or minorities.

Principle 2.11.6.
In addition to the activities resulting from legal provisions, once a year the Supervisory Board shall draw up an annual report and submit it to the Ordinary General Meeting for approval. The report referred to above shall include at least information on the extent to which the diversity policy in respect of the Management Board and the Supervisory Board has been implemented, including the achievement of the objectives referred to in principle 2.1.
As indicated in the information to principle 2.1, the Company does not have a diversity policy with respect to the members of the Management Board and the Supervisory Board and therefore the Supervisory Board’s report does not contain information on the implementation of this policy.

Principle 3.8.
At least once a year, the person responsible for internal audit, or, if no such function has been established in the company, the company’s Management Board, shall present to the Supervisory Board an assessment of the effectiveness of the systems and functions referred to in principle 3.1, together with a relevant report.
In accordance with Article 382 of the Commercial Companies Code, at least once a year, the Management Board provides the Supervisory Board with information on the systems for internal control, risk management, compliance and internal audit. In

the Company's opinion, at this stage there is no need for the person responsible for internal audit to prepare an additional report in this respect, not provided for by mandatory legal provisions.

Principle 3.10.
At least once every five years, a company included in a WIG20, mWIG40 or sWIG80 index shall have its internal audit function reviewed by an independent auditor selected with the participation of the audit committee.
At this stage, the Company sees no need to carry out reviews other than those provided for by law.

Principle 4.1.
The company should enable shareholders to participate in the General Meeting of Shareholders using electronic means of communication (e-meeting) if this is justified by the expectations of shareholders communicated to the company, as long as it is able to provide the technical infrastructure necessary for holding the General Meeting of Shareholders.
The Company's Articles of Association exclude participation in General Meetings by means of electronic communication. The Company's General Meetings are held off-line and, for the time being, the Company does not consider it necessary to invest in infrastructure to enable General Meetings to be held remotely.

Principle 4.7.
The Supervisory Board gives its opinion on draft resolutions submitted by the Management Board to the agenda of the General Meeting.
The General Meeting shall always be attended by at least one member of the Supervisory Board, who shall have the right to present any objections of the Supervisory Board to draft resolutions by the Management Board.

Principle 4.8.
Draft resolutions of the general meeting on items on the agenda of the General Meeting of Shareholders should be tabled by shareholders at least 3 days before the General Meeting of Shareholders.
Pursuant to Article 401 § 5 of the Commercial Companies Code, shareholders have the right to propose draft resolutions on matters on the agenda even at the General Meeting of Shareholders itself.

Principle 4.9.1.
Candidacies for members of the Supervisory Board should be submitted in time to allow the shareholders present at the general meeting to take a decision with due discernment, but no later than 3 days before the general meeting; the candidacies, together with a set of materials concerning them, should be published immediately on the Company's website.

In particular, the Company complies with the principles under common law, which stipulate that a shareholder or shareholders representing at least one-twentieth of the share capital may, prior to the date of the general meeting, propose draft resolutions to the company concerning the items placed on the agenda of the general meeting or the matters to be placed on the agenda, and, in addition, any shareholder may, during the general meeting, propose draft resolutions concerning the items placed on the agenda. The Company is not in a position to ensure that its shareholders will always comply with the indicated principle and propose candidates for members of the Supervisory Board within the timeframe provided for therein. While the Company has no influence over shareholders' actions, the Company supports the shareholders' demand for announcing candidatures in good time, respecting this principle.

The full text of the Information on the status of the company's application of the principles contained in the Code of Good Practices of Companies Listed on the Warsaw Stock Exchange 2021, including the Company's comments on the application of some of these principles, can be found at: https://pekabex.com/relacje-inwestorskie/lad-korporacyjny/

(all amounts in PLN thousand unless otherwise stated)

6.2. Pekabex S.A. shareholders, share capital, shares held by directors

Shareholders of Pekabex S.A.
As at the balance sheet date of 31 December 2024 and as at the 31 December 2023, the shareholding structure was as follows:

	Number of shares (pcs)	Number of votes at the GMS	Nominal value (in PLN)	Share in basic capital	Percentage of the total number of votes at the GMS
Total	**24,826,512**	**24,826,512**	**24,827**	**100%**	**100%**
STE sp. z o.o.	9,908,963	9,908,963	9,909	39.91%	39.91%
Cantorelle Limited	2,958,170	2,958,170	2,958	11.92%	11.92%
Fernik Holdings Limited	2,029,382	2,029,382	2,029	8.17%	8.17%
Nationale Nederlanden	1,710,000	1,710,000	1,710	6.89%	6.89%
Others in total	8,219,997	8,219,997	8,220	33.11%	33.11%

The Parent Company's share capital amounts to PLN 24,826,512, which is tantamount to 24,826,512 shares with a nominal value of PLN 1 per share, entitling to a total of 24,826,512 votes at the General Meeting of the Company.

All shares are non-preference bearer shares and are divided into:

- 21,213,024 series A shares
- 3,000,000 series B shares
- 613,488 series C shares

All shares of the Company are ordinary shares, each of which entitles to exercise one vote at the General Meeting. Major shareholders have no voting rights other than those attached to the shares held. Shares are ordinary bearer shares and do not involve any special rights or obligations other than those resulting from the provisions of the Commercial Companies Code. There are no restrictions on the exercise of voting rights or the transfer of ownership of the Company's shares. The Company is not aware of any agreements (including agreements concluded after the balance sheet date) which may result in future changes in the proportions of shares held by the existing shareholders and bondholders.

Shares held by managing and supervising persons
The table below presents the share of votes and shares held by the managing and supervising persons in accordance with the declarations received at the end of each year:

Managing and supervising persons in the Parent Company of the Pekabex Group	Number of votes at the GMS as at 31/12/2024	Number of votes at the GMS as at 31/12/2023
Robert Jędrzejowski (directly and indirectly through Fernik Holdings Limited) – President of the Management Board of Pekabex S.A.[7]	8.20%	8.18%
Maciej Grabski (indirectly through Pekabex Wykup Managers sp. z o.o. and Sovereign Capital S.A. and STE sp. z o.o.) – Member of the Supervisory Board of Pekabex S.A.	42.19%	42.19%
Przemysław Borek (directly) – Vice-President of the Management Board of Pekabex S.A.[8]	-	0.67%
Beata Żaczek (directly) – Vice-President of the Management Board of Pekabex S.A.	0.37%	0.37%
Tomasz Seremet (directly) – Vice-President of the Management Board of Pekabex S.A.	0.22%	0.22%

[7] Indirectly through Pekabex Wykup Managerski sp. z o.o. and Asterios SARL, Broadwalk Services Limited, TONSA S.A. – SICAF – RAIF, STE sp. z o.o. and Pekabex Wykup Menagerski S.A.

[8] On 19 August 2024, Przemysław Borek resigned from his position as Vice-President of the Management Board of Pekabex S.A. The Company has no information on the number of votes at the GMS as at 31/12/2024 or at the date of the financial statements.

The changes in the shareholdings of managing and supervising persons in the Parent Company result from two transactions involving the acquisition by Robert Jędrzejowski of 5,300 shares in the Company in December 2024.

Indication of the holders of any securities conferring special control powers
The Company did not issue securities conferring special control rights.

Indication of any limitations on the exercise of voting rights
There are no restrictions on the exercise of voting rights.

Indication of any restrictions on the transfer of securities
There are no restrictions on the transfer of ownership of the Company's securities.

6.3. Appointment and dismissal of managing persons and their competences

6.3.1. Management Board

The Management Board has between one and four members. The Supervisory Board may appoint an elected member of the Management Board as President of the Management Board, and elected members as Vice-President of the Management Board. Members of the Management Board are appointed for a joint three-year term. They are appointed and dismissed by the Supervisory Board in a secret ballot. Members of the Management Board may also be dismissed or suspended in their activities by the General Meeting. The Supervisory Board may dismiss individual or all members of the Management Board before the end of its term of office. Each member of the Management Board may resign before the end of their term of office by submitting a written resignation to the Chairman of the Supervisory Board or, if there is no Chairman, to any member of the
Supervisory Board, to the Company's address.

The competences and working principles of the Management Board of Pekabex S.A. are set out in the following documents:

- Articles of Association of Pekabex S.A. (available on the Company's website – https://pekabex.com/relacje-inwestorskie/lad-korporacyjny/),
- Regulations of the Management Board (available on the Company's website – https://pekabex.com/relacje-inwestorskie/lad-korporacyjny/),
- Commercial Companies Code.

The competence of the Management Board includes all matters not reserved for the competence of other bodies of Pekabex S.A.

6.3.2. Supervisory Board

The Supervisory Board consists of five to seven members, including the Chairman of the Supervisory Board and the Vice-Chairman of the Supervisory Board. Members of the Supervisory Board are appointed by the General Meeting. Members of the Supervisory Board are appointed for a joint term of three years. A member of the Supervisory Board may be dismissed by the General Meeting at any time. Each Member of the Supervisory Board may resign before the end of his or her term of office by submitting a written resignation to the Management Board, to the Company's address.

The competences and working principles of the Supervisory Board of Pekabex S.A. are set out in the following documents:

- Articles of Association of Pekabex S.A.,
- Regulations of the Supervisory Board (available on the Company's website – https://pekabex.com/relacje-inwestorskie/lad-korporacyjny/),
- Commercial Companies Code and other legislation.

6.4. Principles of amending the Articles of Association of Pekabex S.A.

The Articles of Association shall be amended by resolution of the General Meeting, and by entry in the National Court Register.

6.4.1. The General Meeting and shareholders' rights and methods of exercising them

The Company's General Meeting operates on the basis of the Articles of Association, the Regulations of the General Meeting (both documents available on the Company's website), and the provisions of law, including the Commercial Companies Code. The specific powers of the General Meeting are set out in Articles 20 to 24 of the Articles of Association. Shareholders exercise their rights in the manner prescribed by the Articles of Association, the Regulations of the General Meeting and the applicable regulations.

Convening the General Meeting of Shareholders

- The General Meeting of Shareholders convenes as an Ordinary or Extraordinary Meeting.

- The General Meeting of Shareholders may be held at the Company's registered office in Poznań, in Warsaw or in Gdańsk.
- An Ordinary General Meeting is held annually within 6 months after the end of the financial year.
- The fact of convening the General Meeting together with the date (day, time) and venue is announced by the Management Board on the Company's website and in the manner specified for providing current information in accordance with the provisions on public offering and conditions for introducing financial instruments to organised trading and on public companies.
- The announcement of convening the General Meeting should be published 26 days before the date of the meeting and include all the elements required by the Commercial Companies Code.

The rights of shareholders and the manner in which they are exercised at the General Meeting are set out in detail in the Commercial Companies Code and in the Regulations of the General Meeting and the Company's Articles of Association.

Powers of the General Meeting

- Examination and approval of the Company's financial statements for the previous financial year and of the Management Board's report on the activity of Pekabex S.A.
- Granting discharge to members of the Company's governing bodies from the fulfilment of their duties.
- Deciding on profit distribution or loss coverage.
- Postponement of the dividend day or division of the dividend payment into instalments.
- Adopting resolutions on the appointment or dismissal of members of the Supervisory Board.
- Adopting resolutions on the suspension of the members of the Management Board and their activities and their dismissal.
- Adopting resolutions on the disposal and lease of the company or its organised part, and establishing a limited property right on them.
- Adopting resolutions on increasing or decreasing the share capital.
- Adopting resolutions on the issue of convertible bonds and subscription warrants.
- Adopting resolutions on the creation, use and liquidation of reserve capitals.
- Adopting resolutions on the use of supplementary capital.
- Adopting resolutions on the merger, division or transformation of the Company, its dissolution and liquidation.
- Adopting resolutions on the redemption of shares.
- Adopting resolutions on amendments to the Articles of Association and the Company's object of activity.
- Adopting resolutions on other matters reserved for the General Meeting by law, in particular the Commercial Companies Code, and the provisions of the Company's Articles of Association.

Session of the General Meeting of Shareholders

- The General Meeting is opened by the Chairman of the Supervisory Board and, in their absence, by any member of the Supervisory Board. In the event of the absence of members of the Supervisory Board, the General Meeting is opened by any member of the Management Board.
- From among those entitled to vote, the General Meeting elects a Chairman who directs its work and ensures that the meeting proceeds smoothly and properly.
- The General Meeting adopts resolutions only in matters included on the agenda, unless the entire share capital is represented at the Meeting and none of those present objects to holding the General Meeting or placing particular matters on the agenda.
- Resolutions of the General Meeting are included in the minutes prepared by a notary public.
- The General Meeting is valid regardless of the number of shares represented.

Voting

The General Meeting makes decisions in the form of resolutions. Votes at the General Meeting are open. Resolutions of the General Meeting shall be adopted by an absolute majority of votes unless the provisions of the Commercial Companies Code, the Company's Articles of Association or these Regulations provide otherwise. A secret ballot is ordered for the election of the Company's bodies or its liquidator and for motions for dismissal of the members of the Company's bodies or liquidators, for holding them liable, as well as in personal matters. In addition, a secret ballot is ordered at the request of at least one shareholder or their representative.

6.5. Membership and changes during the reporting period

6.5.1. Management Board

As at 31 December 2024 and as at the date of this report, the Management Board was composed of:

- Robert Jędrzejowski – President of the Management Board,

- Beata Żaczek – Vice-President of the Management Board,
- Tomasz Seremet – Vice-President of the Management Board.

More detailed information on the individual members of the Management Board of Pekabex S.A. can be found in chapter 1 of this report.
On 19 August 2024, Przemysław Borek resigned from his position as Vice-President of the Management Board of Pekabex S.A.
Members of the Management Board participate in the bodies of other Pekabex Group companies. Members of the Management Board do not engage in any activities competitive to the Issuer's business, nor do they participate in a competitive company as a partner in a civil partnership, a partnership, a company, or participate in a competitive legal entity as a member of its body.

Description of the Management Board's activities
The Management Board operates on the basis of the Articles of Association, the Regulations of the Management Board, and the applicable regulations, including the provisions of the Commercial Companies Code.

The Management Board manages the Company's affairs, and represents the Company. All matters relating to the management of the Company's affairs not reserved by law or the provisions of the Articles of Association for the General Meeting or the Supervisory Board are the responsibility of the Management Board.

The main form of work of the Management Board is meetings. Meetings of the Management Board shall be held on a fixed date as required. The President of the Management Board directs the work of the Management Board, and convenes and chairs the meetings of the Management Board. The President of the Management Board may authorise another member of the Management Board to convene and chair meetings of the Management Board.

Members of the Management Board shall be obliged to cooperate with each other, and to inform each other of material actions taken in the Company's affairs. In performing their duties, the members of the Management Board act in accordance with the procedures adopted by the Company and good corporate practice. Members of the Management Board are obliged to participate in the General Meeting in such a composition as to be able to provide substantive answers to the questions asked during the General Meeting.
The Management Board is obliged to provide the Company's Supervisory Board with regular and comprehensive information on all material matters concerning the Company's business.
Two members of the Management Board acting jointly are authorised to make representations on behalf of the Company.

6.5.2. Supervisory Board

As at 31 December 2024, the Company's Supervisory Board consisted of:

- Piotr Taracha – Chairman of the Supervisory Board
- Maciej Grabski – Vice-Chairman of the Supervisory Board
- Bartłomiej Pawlak – Member of the Supervisory Board
- Piotr Cyburt – Member of the Supervisory Board
- Stefan Grabski – Member of the Supervisory Board
- Jacob Jephcott – Member of the Supervisory Board
- Lesław Kula – Member of the Supervisory Board

More detailed information on the individual members of the Supervisory Board of Pekabex S.A. can be found in chapter 1 of this report.
On 22 October 2024, the Extraordinary General Meeting of the Company adopted resolutions to dismiss Ryszard Klimczyk from the position of Member of the Supervisory Board and to appoint Bartłomiej Pawlak as Member of the Supervisory Board.

Description of the Supervisory Board's activities
The Supervisory Board operates on the basis of the Articles of Association, the Regulations of the Supervisory Board and applicable laws, including the provisions of the Commercial Companies Code. The organisation of the Supervisory Board and the manner in which it carries out its activities shall be laid down in the Regulations of the Supervisory Board adopted by the Board. The Supervisory Board exercises constant supervision over the Company's activities, and in all areas of its operations.
In addition to the matters set out in the Commercial Companies Code and other provisions of the Company's Articles of Association, the competence of the Supervisory Board includes, in particular:

- evaluation of the Management Board report on the Company's activities and the financial statements for the previous financial year in terms of their consistency with the books, documents and facts,
- evaluation of the Management Board's proposals on the distribution of profit or coverage of loss,

- submitting a written report to the General Meeting on the results of the evaluation referred to in the subsections above,
- the appointment of a statutory auditor to audit the financial statements,
- adopting the Regulations of the Supervisory Board,
- adopting the consolidated text of the Company's Articles of Association,
- approving the Regulations of the Management Board,
- once a year, preparing and presenting to the Ordinary General Meeting a concise assessment of the Company's situation, taking into account the assessment of the internal control system, and the material risk management system for the Company,
- considering and giving its opinion on matters to be covered by resolutions of the General Meeting,
- appointing and dismissing members of the Management Board, which is without prejudice to Article 23(2)(2) of the Company's Articles of Association,
- suspending members of the Management Board, which is without prejudice to Article 23(2)(2) of the Company's Articles of Association,
- determining the principles and amounts of remuneration for members of the Management Board,
- agreeing to members of the Management Board holding positions in the bodies of other companies, and receiving remuneration for this.

6.5.3. Audit Committee

In accordance with section 23 of the Regulations of the Supervisory Board, this body may create committees from among its members. There is an Audit Committee within the Supervisory Board of Pekabex S.A.
The Audit Committee is composed of at least three members of the Supervisory Board, at least one of whom should meet the conditions of independence in the meaning of Article 86(5) of the Act of 7 May 2009 on auditors and their self-government, entities authorised to audit financial statements and public supervision (Journal of Laws of 2009, No. 77, item 649, as amended), and have qualifications in accounting or financial auditing.
As at 31 December 2024, and as at the date of this report, the Audit Committee appointed by the Company's Supervisory Board was composed of:

- Piotr Cyburt – Chairman of the Committee,
- Piotr Taracha – Member of the Committee,
- Stefan Grabski – Member of the Committee.

For the period from 1 January to 31 December 2024, the composition of the Company's Audit Committee remained unchanged.
Two of the three members of the Audit Committee, Piotr Cyburt and Piotr Taracha, meet the independence criteria in accordance with Article 129(3) of the Act of 11 May 2017 on statutory auditors, audit firms and public supervision.
The Audit Committee member with knowledge and skills in accounting or auditing is Mr Piotr Cyburt, PhD in economics, who in his career was, among other things, associated with the Institute of National Economy in Warsaw, was President of the Management Board of one of the banks in Poland and a member of the Council of the Polish Bank Association. In the years 1990-1992 he was one of the founders and first employees of Deloitte and Touche in Poland.
Stefan Grabski, a member of the Audit Committee, has experience, knowledge and skills in the field of broadly understood construction industry. He is a construction engineer who graduated from the Gdańsk University of Technology (General Construction Department), worked, among others, as a Head of the Construction Team, for several years leading the so-called Start-up Group, dealing with the start-up of technological installations in industrial facilities in northern Poland.

The tasks of the Audit Committee include in particular:

- monitoring the financial reporting process,
- monitoring the effectiveness of internal control, internal audit and risk management systems,
- monitoring the performance of a financial audit,
- monitoring the independence of the statutory auditor or audit firm, including receiving from the statutory auditor or audit firm annual written confirmation of their independence and discussing its risks, and in the event of doubt as to whether the statutory auditor or audit firm has become excessively dependent on the Company – deciding whether the statutory auditor or audit firm may continue to carry out statutory audits,
- supervision over the organisational unit dealing with the internal audit,
- ensuring compliance with the procedure for selecting the entity authorised to perform audit activities, including auditing financial statements, in accordance with Article 16(3) of Regulation (EU) No. 537/2014 of the European Parliament and of the Council of 16 April 2014,

- recommending to the Supervisory Board at least two entities authorised to audit financial statements, indicating a duly justified preference for one of them,
- approving, after carrying out an assessment of the threats and safeguards related to independence, the performance of services other than auditing the financial statements by the statutory auditor or audit firm.

The Audit Committee held three meetings in 2024.

6.6. Remuneration policy for managing and supervising persons

On 21 July 2020, the General Meeting of Shareholders adopted the Remuneration Policy for the Members of the Management Board and Supervisory Board. Once a year, the Supervisory Board draws up a report on the remuneration of the Members of the Management Board and Supervisory Board for the previous year. The remuneration policy contributes to the business strategy, long-term interests, and stability of the Company by setting out the basic principles for determining the remuneration of the members of the Company's Management Board and Supervisory Board. The policy is also intended to increase the transparency of the Company's activities, and is aimed at promoting the achievement of the tasks set on the basis of criteria, strategies and general objectives. The remuneration policy is the basis for the remuneration of the members of the Company's Management Board and Supervisory Board.
The policy regulates, among other things, the rules for the individual components of the remuneration of the members of the Management Board and members of the Supervisory Board, the conditions of service or work.
The Group's key management personnel include members of the Management Board of Pekabex S.A., members of the management boards of its subsidiaries and members of the Parent Company's Supervisory Board. Benefits (including salaries) paid to key personnel in 2023 and other information on the value of salaries, awards and benefits are presented in note 26 of the supplementary information and disclosures to the consolidated financial statements of the Pekabex Group. Pekabex does not have any liabilities resulting from pensions or benefits of a similar nature for former managers, supervisors or former members of administrative bodies.
Both the Remuneration Policy for Members of the Management Board and Supervisory Board and the Supervisory Board Remuneration Report are published on the Group's website.

6.7. Internal control, risk management, compliance monitoring and internal audit function

The Company's Management Board is responsible for the implementation and functioning of the internal control system, risk management and legal compliance. In particular, the Management Board supervises the compliance of the business with the law by providing ongoing support from the Legal Department to all organisational units of the Pekabex Group. The risks are described in detail in chapter 5.
The Group has an internal control system adapted to the specific nature of its business and organisational structure. Its main role is to ensure the effectiveness and efficiency of operations, the integrity of financial reporting, and the compliance of its activities with applicable laws, ethical standards and internal regulations. The internal control system is also designed to identify and control the risks associated with the Group's operations, and is intended to support the regularity of internal processes in achieving business objectives. Control activities are undertaken at all levels of the Company's organisational structure. The Management Board, through internal control, improves the flow of information within the entity, ensures the transparency of the organisation and the economic and accounting correctness of the business operations carried out, while bearing in mind the adequate protection of available data.
The internal control system forms the totality of procedures, policies, reporting systems, regulations and control mechanisms that guarantee the security and stable development of the Group.
Financial statements are prepared by qualified staff of the Accounting Department, the Finance Department, and the Controlling Department under the supervision of the Vice-President of the Management Board of the Company acting as the Chief Financial Officer. The accounts are based on the accounting books, maintained using the Gardens ERP system with the finance and accounting module. The correct implementation of accounting principles by individual companies is monitored on an ongoing basis by the Chief Accountant, the Accounting Department, the Finance Department and the Controlling Department. Financial statement preparation is a planned process that includes the appropriate division of tasks between the employees of the financial division, suitable with respect to their qualifications. Accounting books are the basis for individual financial statement preparation. Preparation of consolidated financial statements is carried out on the basis of uniform consolidation packages. The financial statements of the Issuer and the Pekabex Group are prepared in accordance with the International Financial Reporting Standards. The companies belonging to the Group and subject to consolidation also follow the International Financial Reporting Standards or (if not applicable) convert the financial data compliant with the applied standards (Polish Accounting Standards "PAR" and the Accounting Act or German Accounting Standards "HGB") in order to prepare a consolidation package subject to consolidation at the level of the Pekabex Group.

(all amounts in PLN thousand unless otherwise stated)

Control activities applied in financial statement preparation include:

- assessment of material unusual transactions in terms of their impact on the Group's financial position and the manner in which they are presented in the financial statements,
- verification of the adequacy of adopted assumptions for valuation of estimated values,
- comparative and substantive analysis of financial data,
- verification of the arithmetic correctness and consistency of the data,
- an analysis of the completeness of disclosures,
- verification of the compliance of data with reports resulting from the management reporting system.

The annual financial statements are prepared by the Chief Accountant and the Deputy Financial Officer and submitted for verification to the Chief Financial Officer and then to the entire Management Board for final verification and authorisation.
Annual financial statements are audited by an independent statutory auditor who, having completed the audit, presents their conclusions and observations to the Audit Committee.
In addition, the basic elements of internal control include:

- ongoing analysis of financial results and key indicators material for the conducted business activity based on the estimated financial budget and legacy data,
- participation of senior management in the planning phase, and then in the analysis of budget deviations,
- procedures for warehouse management and periodical inventories,
- ongoing monitoring of contract execution in material and financial terms, with the involvement of individual project managers,
- procedure for the circulation and approval of documents to ensure that entries in the accounts are in line with accounting evidence and that the costs of the system are properly allocated; the stage-based process of document approval minimises the risk of irregularities,
- analysis of current financial reports,
- monitoring of payments and flows,
- payment procedure,
- collection, analysis, and control of data at each stage of the bidding process.

The basic external audit consists in:

- verification of data by an independent statutory auditor,
- direct supervision of the Audit Committee and the Supervisory Board.

The internal audit function is performed by the Internal Audit Department, headed by the Internal Audit Director. The Internal Audit Director reports to the President of the Management Board of the Company. It is the responsibility of the Internal Audit Director to carry out audits in the scope and areas of the Pekabex Group's operations as agreed with the President of the Management Board of the Company.

6.8. Diversity policy for management and supervisory staff

The Company does not have a diversity policy in place for the Management Board and Supervisory Board. The members of the Supervisory Board are elected by the shareholders, and the members of the Management Board are elected by the members of the Supervisory Board at their discretion. Therefore, in the Company's opinion, there is no need to adopt a diversity policy. Past practice has shown that members of the Company's bodies have been selected on the basis of their competence and professional experience, and not on the basis of their membership of particular social groups, gender or minorities.

Organisational supervision bodies – breakdown by gender:

	TOTAL	Women	Women	Men	Men
		in figures	%	in figures	%
Management Board of Pekabex and its subsidiaries	22	4	18%	18	82%
Supervisory Board of Pekabex and its subsidiaries	13	0	0%	13	100%
Total	**35**	**4**	**11%**	**21**	**88%**

6.9. Business Ethics

Ethical Standards
The Pekabex Group adopted the Code of Ethics. The document is a set of principles, values, and practices that guide the organisation on a daily basis in its internal relations and in its relationships with business partners. The provisions in the Code relate to environmental and social conduct, as well as corporate governance.
The Code is based on existing and internationally recognised standards defining human rights and labour law standards and regulations. The Pekabex Group wants to develop in a safe and sustainable manner and is therefore committed to acting in accordance with the provisions of the Code, with respect for ethics being one of the priority areas of concern for the Management Board. The Code sets out the core values that reinforce the process of shaping an ethical business environment. The overriding objective of the Code is to ensure conduct in compliance with Polish and international legal regulations. The Code aims to set out a clear framework for dealing with concerns or observed irregularities and violations.
The Ethics Committee is the body responsible for respecting the provisions of the Code. Other tasks of the Committee include the implementation of procedures resulting from the Code and overseeing the handling of reports of violations. The Committee also has the initiative to report on the need to revise the provisions of the Code and is responsible for communicating the Code and organising ethics and human rights training.

Countering corruption and conflict of interest
The considerable value of contracts executed by the Group companies generates the risk of corrupt behaviour. The Group's Management Board has a zero tolerance policy in this regard.
The Group's Management Board does not tolerate any manifestation of corruption at any time or place and considers that corruption is a threat to the core principles and values with which the Group identifies. The organisation takes measures to prevent corruption and, to this end, raises awareness of this issue among employees (regardless of their form of employment) and external stakeholders. The Group's organisational structure, operations and decision-making processes take into account the risks of corruption and seek to eliminate them, in particular by ensuring the greatest possible transparency.
Personal interests that employees may have in relation to the Group's business interests are a potential source of conflict of interest and can be particularly harmful to the proper functioning of the organisation. Therefore, any suspected conflict of interest or potential conflict of interest should be reported.
Employees of the Group (regardless of their form of employment) and business partners working with the Group are required not to offer or give, or accept or solicit any financial or personal benefit. They are also obliged to report any suspicions or indications that an act of corruption has been committed.
Any employee or associate who discovers corrupt practices may report them to the attention of their supervisor or the Management Board. All such reports are considered individually and are the basis for preventive and corrective actions.
The risks involved relate to the Group's reputation, deterioration of relationships with counterparties, legal liability and other areas which are described in chapter 5. In order to minimise risk, the Management Board creates an atmosphere of mutual trust and rejects all manifestations of lack of transparency in actions taken within the Group.

Infringement reporting system
The Group has the "Procedure for anonymous reporting of violations of the law" in place, which formalises the issues of reporting and responding to information about actual or potential violations of common law and the Group's procedures and standards. All Group employees have access to information and tools to enable them to report perceived breaches and irregularities through the channels indicated in the procedure, in particular to the e-mail address: naruszenia@pekabex.com.

If the reporting person wishes to do so, he or she remains anonymous and is supported in making the report to prevent retaliation or other unfair treatment. The reporting person's data is protected, and appropriate measures are taken to maintain the confidentiality of the reporting person's identity. For each report, investigations are carried out and, depending on the findings, appropriate action is taken in accordance with procedure and legislation. Each investigation concludes with binding findings and a recommendation for remedial action.
In 2024, there were no instances of non-compliance with the law resulting in material financial penalties being imposed on the Pekabex Group. In 2024, there were no instances of violations of fair competition rules by Pekabex Group companies.

Countering money laundering and the financing of terrorist
The Group has implemented and complies with all anti-money laundering legal requirements. The Group is committed to remaining vigilant with regard to financial flows whose origin or destination could be criminal. The Group examines the compliance of its activities with statutory obligations. The Group has a Procedure for Countering Money Laundering and the Financing of Terrorism in place. It sets out the principles for conducting business in accordance with regulations to counter anti-money laundering and the financing of terrorism and the principles for the fulfilment of obligations imposed by the

applicable regulations in this regard, it identifies the persons responsible for performing certain tasks related to the implementation of the procedure, it sets out the principles for monitoring the instances of money laundering and money laundering risk areas, the principles for developing and updating the money laundering risk analysis, and the principles for educating employees about the procedure and raising their awareness in this respect.

Countering misappropriation of company assets and fraud
The Group does not tolerate any behaviour that might be considered fraud or misappropriation of assets. The Group undertakes to strictly comply with the regulations and standards in force in the various countries of its operations, particularly with accounting, tax, and customs regulations and standards. The Group takes appropriate measures to ensure that all commercial and financial transactions are properly reflected in financial documents, which should be kept secure and protected against unauthorised access. Educating employees on how to detect and report fraud and misappropriation of company assets is also an important aspect of these measures. Records are to be stored in such a way that they can be audited in accordance with the applicable legislation. The Group also has a control system in place to reduce the risk of fraud and misappropriation of company assets. The system consists of the totality of procedures, policies, reporting systems, regulations, and control mechanisms that guarantee the security and stable development of the Group.

6.10. Data protection and security

The Group protects and safeguards any information of economic value the disclosure of which could expose the Group, its employees or external stakeholders with whom the Group does business to harm against possible disclosure to unauthorised persons. The Group ensures that confidential information and sensitive data provided to it by its business partners and employees (regardless of their form of employment) are used only to the extent necessary for the conduct of its business and the performance of its duties.

Intellectual property and image protection
The Group considers intellectual property and its image and reputation to be vital for its success. The Group protects its brands, products, and innovative solutions and respects the intellectual property rights of its collaborators and other market players, promoting fair competition and expecting the same from its business partners and employees. The Group does not make unauthorised use of the intellectual property of contractors, competitors or third parties, nor does it resort to unfair business practices that would result in unwarranted damage to the image or reputation of other companies. The Group does not use the image of employees or third parties without first obtaining permission from them to do so.
The Group expects its employees (irrespective of their form of employment), as well as its business partners and other collaborators not to disclose confidential information and/or information that may unjustifiably damage the Group's reputation when speaking on social media on subjects directly or indirectly related to the Group, its business, products or projects. The Group stipulates that, under current legislation, it has the right to protect its reputation and its own image and, if necessary, can pursue its rights in court.

Information systems security and personal data protection
The Group's Management Board believes that the protection of data and information is a prerequisite for the security of the entire organisation, and IT systems security issues are crucial to the Group's business continuity. IT security encompasses all matters related to ensuring the information confidentiality and integrity and access to information flows in corporate IT systems. The cybersecurity system in place at the Group ensures that data is adequately protected against unauthorised access at every stage.
Apart from a set of existing rules and procedures, the security system consists of the technical solutions implemented in the Group. The company has up-to-date service contracts with manufacturers of critical solutions to ensure the protection of IT systems. Access to the infrastructure at the branch level is provided via dedicated, encrypted links provided by external operators. Group employees can only access information via a dedicated portal and VPN connection. All external access mechanisms are protected by an MFA (Multi-factor Authentication) system provided by an external supplier. Multi-factor authentication consists of at least two components: 'something you know' (usually an employee password) and 'something you have' (usually a dedicated application on a mobile device). This method of access control provides a level of security many times higher than any other commonly used in the world. In addition, all server systems are monitored by a dedicated system for their availability and utilisation of key resources, and any anomalies detected are reported to administrators automatically. The Group's IT employees work in an on-call rotation system to reduce incidence response times.
Personal data, with particular confidential and sensitive data, are collected and processed in accordance with applicable legislation. All employees (regardless of their form of employment) and the Group's business partners are obliged to comply with the law, with the procedures in place within the Group and with the principles of due diligence in this regard.

In order to protect data (including personal data) from loss in the event of accidental deletion, system failure or a security incident (e.g. ransomware encryption), the Group has implemented a backup system together with an appropriate retention policy, which guarantees resistance to virtually any situation that could result in data loss. Copies are stored on disk arrays enabling rapid recovery and restoration of failed systems. These arrays are kept in two locations other than the Group's primary data centre, geographically distant from it. In addition, to ensure resilience against ransomware attacks, to which backups stored in disk collections could be potentially vulnerable, additional, regularly made tape backups are stored in a dedicated vault. The use of tapes also allows the retention of copies to be significantly extended and data to be recovered even long after any loss.

Employee knowledge and awareness is one of the key elements of IT security, which is why the Group conducts risk awareness campaigns and training to develop effective preventive behaviour. Employees' knowledge is tested in practice through socio-technical measures aimed at tricking them out of their login credentials. If an employee makes a mistake in security procedures, they are referred to additional data security training. Another activity carried out by the Group to verify security features is penetration testing carried out by an external partner, verifying both the tightness of security policies and resistance to known vulnerabilities.

The Group has an IT Data Protection Policy, which describes a system for effective information security management.

The Management Board of the Group is aware of the risks and has appropriate solutions in place to prevent most attacks. The Group is protected against the risk of negative consequences of unauthorised access through the measures described in section 7.2, in paragraphs concerning IT systems security and personal data protection. At the same time, in order to minimise financial losses resulting from such events, the Group has active insurance against cybersecurity risks.

Insider trading

The Group complies with the law and good practices of listed companies regarding the management of confidential information and exercises due diligence in this regard. The Group undertakes to ensure that employees who may come into possession of privileged information about the company comply with the rules of the market and do not, under any circumstances, use or disseminate confidential information.

7. Additional information

7.1. Indication of shareholders holding, directly or indirectly through subsidiaries, at least 5 percent of the total number of votes in the Company

The ownership structure of the share capital is set out in note 31 of the notes to the consolidated financial statements.

7.2. Disputes and litigation

As at 31 December 2024, the Group was not a party to any material (i.e. where the value of the subject of the dispute exceeds 5% of the value of consolidated equity) legal proceedings for which it would be reasonable to create a reserve. The Group recognises the following other open and material disputes in 2024:

Pekabex Bet – a court dispute with Marathon International
On 31 May 2016, Pekabex Bet concluded a contract for the execution of construction work with Marathon International sp. z o.o. sp.k. for the total net value of PLN 18,157 thousand. On 25 May 2017, in connection with the ordering party's failure to submit a payment guarantee, pursuant to Article 6494 of the Civil Code, the Company terminated the contract. The contracting party failed to pay part of the receivables on time, justifying this, among others, by the fact that Pekabex Bet failed to present final declarations on no arrears with respect to subcontractors, and by defects. The Management Board of the Company is of the opinion that payment suspension is unjustified. As at the balance sheet date, receivables invoiced due to the settlement of completed work amounted to a gross value of PLN 22,333 thousand. In addition, on 30 May 2017, the contracting party drew a bank guarantee in the amount of PLN 1,640 thousand justifying it by the necessity to cover the penalties imposed on Pekabex Bet. The Management Boards of Pekabex Bet and Pekabex S.A. analysed the grounds for imposing penalties by the contracting party and decided that they were not justified. Pekabex Bet has filed a lawsuit against Marathon International, with total value of the object of litigation exceeding PLN 5,281 thousand. The claims relate to receivables resulting from the construction work performed by Pekabex Bet on the premises of the investment carried out for Marathon International and the return of the unduly drawn and paid bank performance bond. Despite the fact that Pekabex Bet performed the investment task and provided the ordering party incorrectly charged contractual penalties and failed to pay the remaining part of the remuneration due under the construction work agreement. The maximum possible level of penalties under the agreement amounts to 12% of the net remuneration. Despite the penalties not being justified, a write-down within the prudent valuation of the Management Board was created to update receivables in the amount of the maximum level of penalties that the contracting party may impose on the company, i.e. in the amount of PLN 2,192 thousand. Additionally, in 2018, the Group increased the amount of write-downs for receivables under the contract with Marathon International by PLN 2,000 thousand. As at the balance sheet date, the total amount of write-downs for receivables under the aforementioned contract is PLN 4,192 thousand.

On 27 March 2020, in the case involving the drawing of a bank guarantee, in which Pekabex Bet claimed the amount of over PLN 1,640 thousand, the Regional Court in Poznań awarded it PLN 1,313 thousand with interest. On 30 April 2021, the Poznań Court of Appeal upheld the judgement of the first instance court, dismissing the contracting party's appeal in its entirety. The judgement is now final and binding. The Group received the amount awarded plus interest. Marathon International filed a cassation appeal with the Supreme Court. The company filed an answer to the complaint indicating, among other things, that there were no grounds for accepting the complaint. The Supreme Court accepted the cassation appeal for examination.

On 11 August 2020, the Regional Court in Poznań delivered to Pekabex Bet S.A. a statement of claim dated 29 June 2020 filed by Marathon International sp. z o.o. sp.k. for the amount of PLN 6,612 thousand with default interest accrued since 15 July 2020. Pekabex Bet S.A. prepared a response to the claim, with the entire amount claimed being disputed. Despite the claim being unfounded, as part of prudent risk valuation, the Management Board decided to create a reserve in the amount of PLN 3,000 thousand in the second quarter of 2020. Evidentiary proceedings are currently pending.
On 19 March 2025, the Regional Court in Poznań awarded Pekabex Bet the amount of PLN 3,159 thousand with interest in a case concerning payment for construction work, in which the company claimed PLN 3,600 thousand. The judgement is not yet final and binding.

The total value of write-downs for receivables and provisions for the dispute with Marathon amounts to PLN 7,192 thousand and has not changed in 2024.

Kokoszki Prefabrykacja – a court dispute with the Social Insurance Institution (ZUS)

In 2024, Kokoszki Prefabrykacja received decisions as a result of the inspection and administrative proceedings conducted by Zakład Ubezpieczeń Społecznych Oddział w Gdańsku (Social Insurance Institution - ZUS), in which ZUS indicated that Kokoszki Prefabrykacja S.A. was obliged to pay contributions for social and health insurance, the Labour Fund and the Solidarity Fund, as well as the Guaranteed Employee Benefits Fund, also on the income earned by the company's employees on the basis of mandate agreements concluded with a group company – Pekabex Bet S.A.

The company disagrees diametrically with this interpretation and has filed appeals against the decision of the Social Insurance Institution with the Regional Court in Gdańsk, before which the proceedings are pending. The amount of the ZUS claim is approx. PLN 226 thousand with interest.

At the same time, Pekabex Bet received decisions as a result of the inspection and administrative proceedings carried out by the Social Insurance Institution, Poznań Branch. In the decisions issued, the Social Insurance Institution (ZUS) indicated that Pekabex Bet S.A. is not obliged to pay health insurance contributions on the income earned by the company's contractors who are at the same time employees of Kokoszki Prefabrykacja S.A. and Pekabex Pref S.A. on account of the mandate agreements they have concluded with Pekabex Bet S.A.

Simultaneously, an audit proceeding is underway at Pekabex Pref S.A. regarding the payment of social and health insurance contributions, the Labour Fund and the Solidarity Fund and the Guaranteed Employee Benefits Fund on the income earned by the company's employees from their mandate agreements concluded with a group company Pekabex Bet S.A.

7.3. Clarifications on the seasonality of the Issuer's activities

The Group operates in the construction sector, where seasonality is divided between summer and winter. Potentially the weakest quarter from the point of view of turnover and revenue is the first quarter of the calendar year (lowest temperatures), while due to prefabrication technology, temperature does not have as much of an impact on contract performance as it does on traditional 'wet' (monolithic) projects. There has also been no severe winter weather in recent years. However, if temperatures were to fall significantly below 0°C for an extended period, the Group's operations could be affected.

7.4. Information about changes in economic position and business conditions having material impact on the fair value of the entity's financial assets and financial liabilities, regardless of whether those assets and liabilities are recognised at fair value or adjusted purchase price (cost of manufacture)

During the period covered by this report, there were no changes in economic circumstances or business conditions that would have a material impact on the fair value of the Group's financial assets and financial liabilities.

SUSTAINABILITY STATEMENT FOR 2024

8. General information

ESRS2 General disclosures.

8.1. BASIS FOR PREPARATION

8.1.1. BP-1 – General basis for preparation of sustainability statements

The Sustainability Statement (hereinafter referred to as the "Sustainability Statement", the "Statement") has been prepared for the period from 1 January 2024 to 31 December 2024. There were no material events that occurred between 1 January 2025 and the date of publication. The statement has been prepared in accordance with the Accounting Act of 29 September 1994, Commission Delegated Regulation (EU) 2023/2772 of 31 July 2023 supplementing Directive 2013/34/EU of the European Parliament and of the Council with regard to Sustainability Reporting Standards with Annex 1 European Sustainability Reporting Standards (ESRS) and Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment (EU Taxonomy).
The statement has been prepared in consolidated form. The scope of consolidation is the same as for the consolidated financial statements for the reported period and includes all Pekabex Group companies. In this Group Statement, "Pekabex" and "Pekabex Group" mean the parent company Poznańska Korporacja Budowlana Pekabex Spółka Akcyjna, referred to as the "Company", together with its consolidated subsidiaries.
The report applies to the upstream and downstream value chain of the Pekabex Group. Information, activities, policies and objectives relating to the Group's key stakeholders are included in the document. At a higher (upstream) level, these are in particular documents and data on interactions with suppliers, subcontractors and service providers and the environment (including Scope 3 emissions). At the lower (downstream) level, these are in particular documents and data on interactions with customers and consumers and end-users and the environment (including waste management).
In this Statement, the Group has not exercised the option to omit specific information concerning intellectual property, know-how or the results of innovations and information concerning expected developments or matters under negotiation pursuant to Articles 19a(3) and 29a(3) of Directive 2013/34/EU.

8.1.2. BP-2 Disclosures in relation to specific circumstances

In the Sustainability Statement, the Group has used the medium or long-term time horizon as defined in ESRS 1 section 6.4 Definition of the short-term, medium-term and long-term time horizon, i.e.:

- for the short-term time horizon: the period adopted by the undertaking as the reporting period in its financial statements **(a year)**;
- for the medium-term time horizon: from the end of the short-term reporting period defined **up to five years**;
- for the long-term time horizon: **more than five years**.

Value chain estimation

The Statement uses a measure comprising upstream and downstream value chain data estimated using indirect sources comprising data estimated in the calculation of the Scope 3 carbon footprint in E1-6 – Gross Scope 1, 2 and 3 GHG emissions and total GHG emissions.
The Statement uses a measure covering the weight of E5-4 Resource inflows, which includes data extracted from the upstream value chain. Only technical materials used in production are included in the disclosure; technical materials used in the provision of general contracting and assembly services are not included. As part of this disclosure, the Group also estimated the total weight of products entering the organisation. As a result of these estimates, it was considered to be immaterial.

Sources of estimates and uncertainties in the results

Sources of uncertainties in the calculation of Scope 3 data emissions are the quality of the value chain data, the coefficients adopted for the calculation and the potential variability of the value chain data.

Level of accuracy achieved

Scope 3 emissions were estimated based on indicators from the following sources: Supply Chain Greenhouse Gas Emission Factors v1.3 by NAICS-6; U.S. EPA Office of Research and Development (ORD) (updated on 10 July 2024); DEFRA UK

(all amounts in PLN thousand unless otherwise stated)

Government GHG Conversion Factors for Company Reporting (version 2,024); GILA Emission Intensity Factors for Logistics Hubs (version 2,023) and highly cited scientific publications.
Due to the use of secondary data, the accuracy of the calculations should be classified as moderate to indicative, especially for categories where quantitative data has not been obtained. This means that the estimates provide a reliable approximation of Scope 3 emissions at the organisation level, but are subject to some uncertainty due to differences in emission intensity among actual suppliers and the limited ability to take into account the specific characteristics of products, processes or locations. In their current form, these data provide a reasonable basis for identifying the main sources of Scope 3 emissions and for identifying areas with the highest reduction potential.

Planned actions to improve accuracy in the future

The Group intends to increase the level of accuracy in the coming years by obtaining primary data (e.g. from suppliers, industry cooperation, EPD, etc.) and developing internal tools for tracking transport and purchasing emissions. Where possible, e.g. in category 11, the Group intends to perform calculations in a more accurate manner, using data available on the market, and will also monitor the impact of the measures taken on the actual reduction of absolute emissions and emissions per intensity indicator.
In terms of calculating the weight of resources introduced into the organisation, the Group plans to develop IT tools in the coming years that will enable it to collect data on materials introduced into the organisation in connection with the provision of general contracting and assembly services, as well as materials introduced by offices.

Details of the above estimated quantitative measures have been disclosed alongside the individual ESRS topics.

This Statement is the first Sustainability Statement of the Pekabex Group prepared in accordance with ESRS standards. Therefore, no changes in the preparation or presentation of the sustainability statement or errors for previous periods are reported.

Policies, procedures and objectives in the areas of environment (E), social (S) and corporate governance (G) at the Pekabex Group are based on the Integrated Management System, which consists of three cooperating systems, i.e.: the Quality Management System according to the PN-EN ISO 9001:2015 standard, the Environmental Management System according to the PN-EN ISO 14001:2015 standard and the Occupational Health and Safety Management System according to the PN-ISO 45001:2018 standard. ISO 9001 (Quality Management System) standard is used to report on aspects related to product and service quality management, customer satisfaction, risk management processes and continuous improvement (ESRS G1, ESRS 2 IRO-1, SBM-3, S4). ISO 45001 (Occupational Health and Safety Management System) standard supports reporting in the areas of ESRS S1 and S2, covering aspects related to the health and safety, training and prevention programmes, health and safety indicators, occupational risk policy and occupational safety management systems. ISO 14001 (Environmental Management System) is a key standard for reporting environmental issues in accordance with ESRS E2, E3 and E5 (climate, pollution, water resources, circular economy).

The Pekabex Group holds ISO 9001, ISO 45001 and ISO 14001 certificates. These systems are regularly subjected to independent verification by the accredited certification body SGS.
In accordance with Appendix C to ESRS 1, the Group is exempt from the obligation to publish information on the anticipated financial effects of significant risks and opportunities for individual ESRS in the first year of reporting.

Exclusion by reference

ESRS name	exclusion by reference	reference point
SBM-1 – Strategy, business model and value chain	Structure of revenue and costs generated by business segments	Consolidated Financial Statements for 2024 note 1

8.2 GOVERNANCE

8.2.1. GOV-1 – The role of the administrative, management and supervisory bodies

As at 31 December 2024, as at the date of publication of the statement, the **Supervisory Board** of Poznańska Korporacja Budowlana S.A. comprised the following persons:

- Piotr Taracha – Chairman of the Supervisory Board – Member of the Supervisory Board meets the statutory criteria for independence.
- Maciej Grabski – Vice-Chairman of the Supervisory Board
- Piotr Cyburt – Member of the Supervisory Board – Member of the Supervisory Board meets the statutory criteria for independence.
- Stefan Grabski – Member of the Supervisory Board
- Jacob Jephcott – Member of the Supervisory Board
- Bartłomiej Pawlak – Member of the Supervisory Board – Member of the Supervisory Board meets the statutory criteria for independence.
- Lesław Kula – Member of the Supervisory Board – Member of the Supervisory Board meets the statutory criteria for independence.

The percentage of independent Supervisory Board members is 57%. The Supervisory Board does not include representatives of employees or other workers.

Men make up 100% of members of the Supervisory Board.

Composition of the Supervisory Board of Pekabex S.A.:

Piotr Taracha – Chairman of the Supervisory Board

Mr Piotr Taracha, a graduate of law at the Catholic University of Lublin and a long-time lecturer at the Department of Civil Law at the Catholic University of Lublin, has expertise in the context of sustainable development, primarily concerning the protection of consumer rights in relation to sustainable products, protecting customers against greenwashing and environmental misinformation. As a member of the management and supervisory bodies of many commercial companies, he has the knowledge and experience necessary to assess sustainable investments in the context of resource management, taking into account environmental and social aspects, as well as regulatory compliance.

Maciej Grabski – Vice-Chairman of the Supervisory Board

Mr Maciej Grabski completed the Olivia Business Centre investment, a place of business for many Polish and international companies. Under his leadership, Olivia Business Centre has won awards and certificates related to sustainable development and low-carbon construction, such as BREEAM and WELL Health-Safety Rating. The multi-functionality of the complex is also in line with the concept of a 15-minute city, which refers to the goals of the 2030 Agenda for Sustainable Development. Maciej Grabski is also actively involved in promoting cooperation between the business world and the academic community, supporting educational and innovative initiatives in the Pomerania region. As someone who has worked with local authorities on investments, Mr Grabski has contributed to the implementation of sustainable development ideas in a broader urban context and promoted ideas related to friendly cities. He has been involved in cooperation with local authorities, which is important in the context of creating sustainable urban spaces and supporting local communities.

Piotr Cyburt – Chairman of the Audit Committee of the Supervisory Board, Member of the Supervisory Board

As a holder of PhD in Economics and a scholarship holder at Georgetown University, Harvard University and other institutions, as well as a researcher at the National Economy Institute, Piotr Cyburt applies his knowledge of sustainable development primarily to banking, including sustainable financing of the real estate market He gained his experience working in financial institutions on the Polish market. In February 2022, he was elected chairman of the ESG Committee at the Polish Bank Association, which aims not only to adapt the Polish banking sector to regulatory requirements, but also to strengthen its competitiveness by promoting responsible and sustainable business practices.

Stefan Grabski – Member of the Supervisory Board

As a graduate of the Faculty of General Construction at the Gdańsk University of Technology and having gained experience in the construction industry and in local government structures, Mr Stefan Grabski has knowledge of engineering processes and the possibilities of introducing sustainable development principles into construction projects, as well as implementing sustainable technologies in construction and assembly production.

Jacob Samuel Jephcott – Member of the Supervisory Board

He graduated with a degree in media, communications and design at the South Warwickshire University and has worked for a number of global institutions including The Royal Shakespeare Company, American Express and Sitel Global. In 2011, he joined the Olivia Business Centre project in Gdańsk. His education and experience indicate extensive knowledge of trends in the real estate industry and sustainable development in a global context. His participation as a speaker and panellist at conferences such as GRI, MIPIM and Expo Real allows him to update his knowledge and learn about best practices in sustainable investment.

Bartłomiej Pawlak – Member of the Supervisory Board

Mr Bartłomiej Pawlak has extensive expertise and skills in the area of sustainable development, particularly in the context of energy transition, financing renewable energy projects, and creating tools to support investment in this sector. As a manager with 30 years of experience in the financial, consulting and public sectors, he has knowledge of the creation and implementation of sustainable development policies at the national, regional and corporate levels. As Vice-President and CFO of the Polish Development Fund (PFR), Mr Bartłomiej Pawlak was responsible for the Green Hub Programme – PFR's energy transformation strategy, the Municipal Fund and the COVID-19 Anti-Crisis Shield for business implemented by PFR. He has knowledge and practical skills in financing projects related to green energy, improving energy efficiency, supporting the transition to sustainable energy sources and managing large projects. As president of BOŚ Eko Profit S.A., an investment company operating in the area of renewable energy sources, he created tools for comprehensive investment support for clients based on one-stop-shop principles.

Lesław Kula – Member of the Supervisory Board

He is a graduate of the Faculty of Law and Administration at the University of Warsaw and the Faculty of History at the University of Warsaw, and is a barrister. He does not have specific expertise in the area of sustainable development, but his experience in business management, supervision, business transformation and cooperation with public institutions is relevant to the implementation of sustainable development principles, supervision of regulatory compliance and promotion of good business practices.
In May 2024, Supervisory Board Members participated in an educational session for Management and Supervisory Boards on selected aspects related to sustainability and ESG reporting organised by the Warsaw Stock Exchange.

Description of the Supervisory Board's activities

The Supervisory Board exercises ongoing supervision over the Company's activities in all areas of its operations, including those related to sustainable development, in accordance with the provisions of the Commercial Companies Code and the Company's Articles of Association.
Pursuant to Article 23 of the Regulations of the Supervisory Board, this body may establish committees from among its members. There is an Audit Committee within the Supervisory Board of Pekabex S.A. There is no Sustainability Committee operating within the Supervisory Board. On 19 December 2024, at a meeting of the Supervisory Board, Mr Bartłomiej Pawlak was elected as a member of the Supervisory Board responsible for supervising sustainable development issues, including impacts, risks and opportunities in this area.

As at 31 December 2024 and as at the date of publication of the statement, the **Management Board** of Poznańska Korporacja Budowlana S.A. comprised:

- Robert Jędrzejowski – President of the Management Board,
- Beata Żaczek – Vice-President of the Management Board,
- Tomasz Seremet – Vice-President of the Management Board.

The average ratio of women to men on the Company's Management Board is 50%.
The Management Board does not include representatives of employees or other workers, nor does it include independent members.

The knowledge and competences of the Management Board related to the sectors, products and geographical location of the Group, including with regard to sustainable development issues, are described below, assuming that these issues are integrated into the Group's business activities and affect many areas of its operations.

Robert Jędrzejowski – President of the Management Board of Pekabex S.A.

He is responsible for strategy and management within the Group, including in the area of sustainable development.
In May 2024, the President of the Management Board took part in the Impact'24 conference, participating in the discussion "Green investments in cities: modern technologies for sustainable cities". During the Impact'24 conference, there were many thematic panels on sustainable development issues, including: green transformation, stimulating innovation for sustainable development in Europe, and business transformation through ESG.
In August 2024, the Group became a Partner and took an active part in the ESG Go To The Future Congress. The congress featured a series of discussion panels devoted to the latest trends and challenges facing business on the road to sustainable development. Among the congress panellists were representatives of the Pekabex Group, including Robert Jędrzejowski, President of the Management Board.

The Pekabex Group became a Gold Partner of the Polish Towns Forum, which took place in Warsaw in September 2024. During the 4th Polish Towns Forum, a wide range of issues affecting small and medium-sized towns in Poland were discussed. An important issue was waste management, including ways to create more sustainable and effective waste management systems at the local level, which is essential for improving the quality of life of residents and caring for the environment. During the Forum, Robert Jędrzejowski, President of the Management Board, gave a presentation entitled "Green investments in cities: modern technologies for social and municipal construction" and acted as moderator of the panel entitled "Prefabricated construction as a response to the housing shortage in small and medium-sized towns".

Beata Żaczek – Vice-President of the Management Board of Pekabex S.A.

She is responsible for finance and accounting, controlling, administration, purchasing, transport, logistics, IT, legal and human resources, and chairs the Sustainability Committee. As Chief Financial Officer, she oversees sustainable development reporting, which includes responsibility for non-financial reporting and sustainability disclosures in accordance with the requirements of the CSRD and the EU Taxonomy.
In May 2024, the Vice-President of the Management Board participated in the Impact'24 conference, among other events. The conference brought together leaders from business, politics and science, who jointly analysed the challenges and opportunities associated with the implementation of sustainable practices in various sectors of the economy. Among other things, the impact of the European Green Deal on the construction sector was discussed, including the importance of thermal modernisation of buildings to improve energy efficiency.
In October 2024, the Group took part in Local Trends at the European Local Government Forum 2024. Vice-President Beata Żaczek took part in a panel discussion entitled "Will the flood accelerate work on modern housing?", which was hosted by the Pekabex Group. The Local Trends EFS Poznań debates address key issues and challenges for Polish local governments in terms of vision and strategic planning, including in the context of sustainable development.

Tomasz Seremet – Vice-President of the Management Board of Pekabex S.A.

Within the Group, he is responsible for sales strategy and design in the area of prefabrication and general contracting, as well as the execution of contracts in the area of general contracting. The experience and knowledge of Vice-President of the Management Board Tomasz Seremet in the construction industry, especially in the field of prefabrication, allows him to set goals and shape sustainable construction practices. Prefabrication is often seen as a method conducive to sustainable development due to the efficiency of processes related to reducing the carbon footprint and circular economy.
All members of the Management Board are executive in the sense that they have the right to take actual and legal actions.
The knowledge and skills of the Management Board members result from many years of experience gained in particular while working for the Pekabex Group, i.e. experience related to, among other things, the sectors, products and geographical location of the markets in which the Pekabex Group operates. In addition, board members build their knowledge and skills by taking part in shaping market practice through participation in training courses, conferences, working groups of associations directly related to sustainability, as well as industry and regional associations whose activities are also directed towards sustainability issues specific to the organisation's objectives.
The Group is a member of, among others, the following organisations and associations whose activities focus on sustainability issues:

- Polish Circular Hotspot;
- Polskie Stowarzyszenie Budownictwa Ekologicznego (Polish Green Building Council);
- Polish ESG Association.

In addition, knowledge in the field of sustainable development is transferred to members of the Management Board through:

- **Expert referrals** – the Management Board members receive reports and analyses from members of the Sustainability Committee and other individuals within the organisation who participate in various thematic events. In 2024, the Pekabex Group participated in 60 events directly or indirectly related to sustainability issues.
- **Meetings and workshops** conducted by external experts. The Group used the services of a consulting firm during work related to the double materiality analysis and during the preparation of the sustainability statement for 2024.
- **Activities of the Sustainability Committee** responsible, among other things, for analysing key sustainability issues and presenting a broader context and recommendations to the Management Board.

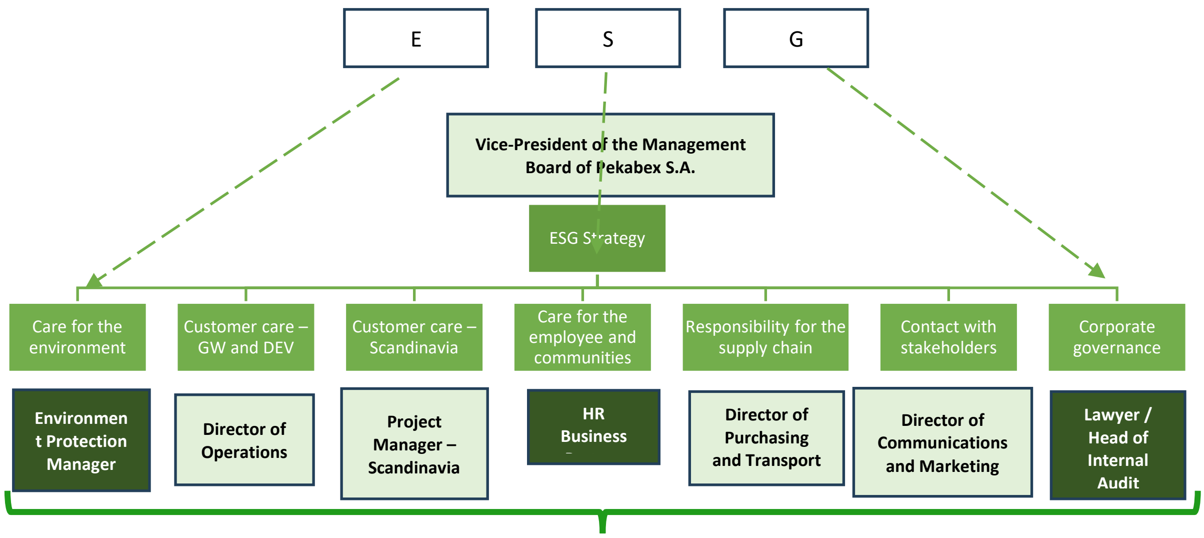
In June 2024, members of the Management Board and senior management participated in a dedicated training course on sustainability issues, which was conducted by an external entity. The training programme covered, among other things, key national and EU policies and regulations on sustainability affecting the obligations of entrepreneurs, including the construction sector; legal regulations defining the framework for corporate sustainability reporting, European Sustainability Reporting Standards – general requirements and thematic guidelines for disclosure, corporate sustainability strategies including eco-products, sustainable processes, business models and relationships – taking into account sustainability planning and reporting requirements. The training ended with workshops on double materiality analysis.
Description of the Management Board's activities

The Management Board operates on the basis of the Articles of Association, the Regulations of the Management Board, and the applicable regulations, including the provisions of the Commercial Companies Code. The Management Board shall manage the Company's affairs and represent the Company. All matters relating to the management of the Company's affairs not reserved by law or the provisions of the Articles of Association for the General Meeting or the Supervisory Board are the responsibility of the Management Board.

The members of the Management Board perform tasks and supervise the process of managing significant influences, risks and opportunities in the areas for which they are responsible. In these areas, the members of the Management Board have full powers, in particular the right to select lower-level management staff, cascade tasks to them, control employees, and create procedures regulating the functioning of employees in these areas, including reporting to members of management bodies. In turn, members of the Management Board provide information and explanations to members of the Supervisory Board who supervise the Group's activities. Controls and procedures for managing impacts, risks and opportunities are integrated with controls and procedures for managing other aspects of the business.

In 2023, a Sustainability Committee was established within the Group, comprising individuals in managerial positions responsible for the areas covered by the sustainability statement, in particular for compliance with regulations, the supply chain, customers and relations with them, employees and relations with them, the environment and products, for contact with other stakeholders, and persons responsible for reporting on sustainability issues. The Committee is chaired by Vice-President of the Management Board of PKB Pekabex S.A. – Ms Beata Żaczek. The Committee's objective is, in particular, to integrate sustainability into the Group's business strategy, to present sustainability goals and results as part of the main business results and to link them to the sustainability goal. The Committee strives to integrate non-financial reporting with financial reporting processes and to integrate business functions with sustainability issues.

Sustainability Committee



Coordinators | Sustainability Reporting Team –
Deputy Chief Financial Officer, Head of Finance

The core of the Sustainability Committee consists of persons responsible for managing and improving sustainability processes at the Pekabex Group in specific areas, i.e. environmental (E), social (S) and governance (G), as well as persons directly responsible for reporting on sustainability issues, i.e.:
Environment Protection Manager – responsible for climate and environmental issues.
The main functions within the scope of the Sustainability Committee's tasks are:

- Monitoring and reporting greenhouse gas emissions, energy and water consumption, and waste management.
- Responsibility for maintaining the environmental management system in accordance with the ISO 14001 standard.
- Overseeing the development of strategies to reduce the carbon footprint and increase energy efficiency.
- Implementing policies, monitoring the achievement of objectives and coordinating activities related to sustainable development in climate and environmental issues.
- Ensuring compliance with environmental protection regulations.
- Providing information necessary for reporting on sustainability issues.

HR Business Partner – responsible for issues related to employees and persons working for Pekabex, as well as persons working in the value chain.
The main functions within the scope of the Sustainability Committee's tasks are:

- Overseeing policies and implementing objectives related to employment, diversity and equality in the workplace.
- Monitoring working conditions in the supply chain in the context of labour standards and human rights.
- Developing and implementing programmes, policies and procedures for professional development and training for employees.
- Supporting the development of a sustainable development strategy for employee issues.
- Providing information necessary for reporting on sustainability issues.

Director of Internal Audit Department / Solicitor – responsible for corporate governance issues.
The main functions within the scope of the Sustainability Committee's tasks are:

- Monitoring compliance with legal regulations and corporate governance standards.
- Developing and implementing anti-corruption and ethical policies.
- Ensuring compliance with sustainability reporting requirements.
- Monitoring trends and changes in sustainability regulations.
- Providing information necessary for reporting on sustainability issues.

The **Chief Financial Officer / Vice-President of the Management Board** in the Sustainability Committee acts as a representative of senior management.
The main functions within the scope of the Sustainability Committee's tasks are:

- Managing the Sustainability Committee and supervising the development of sustainability strategies and strategic objectives.
- Approving key actions of the Sustainability Committee on behalf of the Pekabex Group's Management Board.
- Monitoring progress in the area of sustainable development.
- Integrating the activities of individual departments to ensure the proper reporting of sustainability issues.

Reporting Team

The main functions within the scope of the Sustainability Committee's tasks are:

- Analysing ESG data and preparing the annual report and other statements.
- Supporting the various teams within the Sustainability Committee and others in the implementation of operational activities related to ESG and the collection of the necessary data for proper reporting.
- Organising meetings and workshops on the implementation of data collection and sustainability reporting processes.
- Support in developing a sustainability strategy.
- Assessing the ESG performance of competitors and industry benchmarking.

The roles of **other members of the Sustainability Committee** depend on their expertise and the processes they manage. The main roles of those supporting the work of the Sustainability Committee include:

- Conducting marketing campaigns promoting sustainable development initiatives – Director of Marketing and Communications Departments.
- Internal and external communication regarding the Group's sustainability goals and activities – Director of Marketing and Communications Departments.
- Providing necessary data on processes related to customers, consumers and end-users – Chief Operating Officer.
- Providing information on trends, customer preferences and changes in the Scandinavian market in terms of sustainable development (a market much more developed in terms of achieving sustainability goals than the Polish market) – Scandinavian Project Manager.
- Cooperating with suppliers and business partners to collect the necessary data for reporting on sustainability issues and implementing sustainability measures Director of Purchasing and Transport Departments.
- Implementation of supplier and supply chain policies – Director of Purchasing and Transport Departments.
- Meetings of the members of the Sustainability Committee, with a variable composition depending on the needs and agenda of a given meeting, were organised on a regular basis throughout 2024 (at least once a month).

8.2.2. GOV-2 – Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies

Members of the Company's Management Board are informed about material impacts, risks and opportunities, including the implementation of due diligence and the results and effectiveness of policies, actions, measures and objectives. Members of the Management Board are informed primarily through ongoing reporting to them by their subordinates and members of the Sustainability Committee. In addition, at least once a week, meetings are held with the participation of members of the Management Boards of Pekabex Group companies, at which all issues relevant to the Group are discussed, including those related to sustainability. The frequency of discussions on material impacts, risks and opportunities related to sustainability depends on the nature and importance of the issue in question, and there is no predetermined schedule for meetings at which these issues are discussed. The meetings of the Management Board are attended by the Vice-President of the Management Board, Beata Żaczek, who heads the Sustainability Committee (more about the activities of the ESRS GOV-1 Committee). Some Management Board meetings are also attended by members of the Sustainability Committee responsible for specific areas of sustainability.

Members of the Company's Supervisory Board are informed by the Management Board about all matters relevant to the Group, including those indicated above, primarily at Supervisory Board meetings, which are held at least once a quarter. In cases where the Supervisory Board adopts a resolution outside of a meeting, the members of the Management Board inform the Supervisory Board about matters related to the resolution via electronic means of communication (e-mail, telephone).

The Company's management and supervisory bodies take into account impacts, risks and opportunities when supervising the Company's strategy, its decisions on major transactions and its risk management processes, taking into account both micro- and macroeconomic factors and those relating to the Pekabex Group itself. The pursuit of impacts, risks and opportunities sometimes requires compromises to be made, in particular between achieving sustainability goals and budgetary objectives. During the reporting period, the thematic areas related to sustainability were the subject of ongoing work by the Management Board and Supervisory Board due to their business significance. In 2024, the members of the Sustainability Committee conducted a double materiality analysis, on the basis of which material impacts, risks and opportunities (IRO) were identified.

List of material impacts, risks and opportunities addressed by the Management Board during the reporting period:

- employee training and skills development – conclusions from the analysis of employee needs, approval of the annual training plan and implementation of a mentoring programme and a programme for the exchange of experience between departments;
- affected communities – issues related to the quality of life of residents living near production plants, rules for cooperation and sponsorship of local communities, vocational schools and civic organisations;
- climate change mitigation;
- supplier relationship management, including payment practices;
- corporate culture (including issues related to cybersecurity, anti-corruption, reporting violations);
- OHS – continuous monitoring of indicators;
- analysis of key stakeholders' expectations of the Group in relation to sustainability issues.

As a result of the Management Board addressing the above issues, the main directions for reducing the carbon footprint were developed, new procedures for protecting data against cyber-attacks were implemented, an anti-corruption code was adopted, as well as a procedure for accepting outgoing payments, Internal Reporting Procedure, Procedure for Accepting, Repealing and Sharing Group Procedures, and a Code of Responsible Business Conduct for the Pekabex Group.

8.2.3. GOV-3 – Integration of sustainability-related performance in incentive schemes

The Group does not have incentive schemes or remuneration policies linked to sustainability issues, including climate issues, for members of the Group's management and supervisory bodies.

8.2.4. GOV-4 – Statement on due diligence

The Group has not adopted a due diligence policy and has not implemented a due diligence process for sustainability in accordance with the UN Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises. The due diligence stages partially completed by the Group are presented below, limited to disclosures required by individual ESRS. The following summary provides information on how and where the Group's application of the main aspects and steps of the due diligence process is reflected in this statement.

Basic elements of the due diligence process	Points in the Sustainability Statement
inclusion of due diligence in corporate governance, strategy and business model	GOV-2, SBM-3
cooperation with stakeholders affected by the Group	S1-2, S4-2 ESRS 2 SBM-2 IRO-1
identification and assessment of negative impacts on people and the environment	IRO-1, SBM-3
taking action to prevent negative impacts on people and the environment	E1-3, E3-2, E5-2, S1-4, S4-4, S1-3, S4-3
monitoring the effectiveness of these efforts	E1-5, E1-6, E3-4, E5-4, E5-5, S1-5, S1-14

8.2.5. GOV–5 – Risk management and internal controls over sustainability reporting

Responsibility for preparing the sustainability statement rests with the Sustainability Committee, which was established for this purpose and is chaired by the Company's Chief Financial Officer and Vice-President. The Sustainability Committee is responsible for organising the data collection process within the Group and preparing disclosures in cooperation with various departments within the Group, thus ensuring the proper implementation of sustainability objectives, measures and reporting across the Group in accordance with regulatory requirements. In order to manage the operational and regulatory risks associated with preparing the Group's first sustainability disclosure in accordance with ESRS standards, the Sustainability Committee has been provided with the necessary resources and support from the Management Board. In addition, in order to mitigate the risk of failure of the Sustainability Committee's work, the Group engaged external advisors.

The progress of the Sustainability Committee's work and any risks identified in the reporting process, as well as their mitigation and corrective actions, were reported on an ongoing basis by the members of the Sustainability Committee to the Management Board during periodic meetings. Issues identified as requiring improvement were discussed on an ongoing basis with the persons managing the relevant processes.

The principles of internal control over sustainability reporting and risk management in this area are incorporated into the Group's risk management process. Risk management over sustainability reporting in the Group is based on the ISO 9001 Quality Management System. The System includes a Risk Management Procedure and an Internal Audit Procedure. The risk management process consists of the following elements: methods of identifying, measuring and assessing risks, as well as mitigating, monitoring, controlling and reporting risks. The stages of internal control of sustainability reporting are: verification of data consistency and accuracy, compliance of reporting with legal regulations, identification of gaps in the reporting system and potential threats, analysis of non-compliance and proposal of corrective actions, reporting of internal audit results to the Management Board.

The highest priority risks according to the adopted methodology are those with the greatest impact and the highest probability of occurrence.

The highest priority risks related to sustainability reporting, as well as strategies for mitigating them and related controls, are presented in the table below.

Risk	Risk mitigation strategy / related controls
human error / data manipulation	1. the principle of double verification of the data collected and the calculations made has been introduced; 2. use of an ERP system for data collection and calculations; 3. submission of disclosure content for approval by the head of the Sustainability Committee, the Chief Financial Officer and the Vice-President of the Management Board; 4. engagement of external advisors.
incompleteness of the data collected	1. accurate mapping of both internal and external data sources; 2. use of estimates where actual data cannot be relied upon; 3. use of estimates, provided that they are transparently documented; 4. interim internal audits of the data collection process.
difficulties in obtaining data due to the complexity of the organisational structure	assigning full responsibility for the collection of data on individual disclosures to specific individuals within the organisational structure

Risk	Risk mitigation strategy / related controls
delays in making disclosures	1. ensuring support at the Management Board level during the data collection and disclosure preparation process; 2. monitoring whether sufficient resources are available to carry out the work according to schedule; 3. periodic reporting of work progress by the Management Board.
non-compliance of disclosures with regulations	1. training of persons responsible for data collection and reporting; 2. engaging external advisors; 3. introduction of final verification of disclosures by external advisors.

8.3. STRATEGY

8.3.1. SBM-1 – Strategy, business model and value chain

Significant groups of products or services offered
According to Spectis' report "Modular Construction in Poland 2024-2029", the Pekabex Group is one of the largest construction companies and most experienced manufacturers of reinforced and prestressed concrete prefabricated elements in Poland and Central and Eastern Europe. The Group has been operating in the construction industry for over 50 years, constantly developing its offer.
During the reporting period, the Pekabex Group's activities focused on three main business lines (segments of activity), which are classified as significant groups of services offered, i.e. they generate the highest revenue from sales and are associated with significant actual or potential negative impacts on the Group.
The Group's three business lines are:

1. implementation of prefabricated concrete structures – prefabrication,
2. project implementation in the form of general contracting,
3. development activities carried out by the Group on its own account.

Implementation of prefabricated concrete structures – prefabrication

The Group's activities related to the design, production, supply and assembly of prefabricated structures both in Poland and abroad. This business line includes contracts where the Group is a supplier of prefabricated elements or a supplier of prefabricated elements with assembly. The Group's products are used in the construction and erection of industrial, commercial, residential, office, infrastructure and energy facilities, car parks, stadiums and unusual projects (e.g. individually designed and manufactured tanks, prefabricated shells, tunnel and bridge elements, stair flights). As part of this segment, the Group also recognises revenue related to prefabricated single-family houses sold under the brand name and by P.Homes. This segment accounts for more than 10% of the Group's total revenue.

Project implementation in the form of general contracting

As part of this business line, the Group carries out construction projects in Poland and abroad on a turnkey basis as a contractor with the participation of external subcontractors, excluding part of the revenue from the contract for prefabricated structures presented in the "implementation of prefabricated concrete structures – prefabrication" segment. This business line focuses primarily on the implementation of contracts for warehouse and production halls and residential construction. This segment accounts for more than 10% of the Group's total revenue.

Development activity carried out by the Group on its own account

The Group's activities include revenue related to development activities. It includes the purchase and preparation of land for investments, conducting real estate development projects within the scope of residential construction on the Group's own account, sale of flats and possibly renting and servicing of residential real estate. All special purpose vehicles engaged in real estate development and the coordinating company, Pekabex Development sp. z o.o., are classified in this segment. Real estate development activities account for less than 10% of the Group's revenue.

The structure of revenue and costs generated by business segments is presented in note 1 to the consolidated financial statements for 2024.

Significant markets served

Poland is the main market for the Group. The largest domestic recipients of its products include direct investors and general contractors implementing large-size buildings, residential buildings and infrastructure investments. In 2024, the Group's operations were conducted primarily in Poland (77% of total revenue in 2024), Germany (13% of total revenue in 2024), as well as in other markets such as Sweden, Denmark, the Netherlands, Slovakia and Switzerland.

Significant customer groups served

The vast majority of the Group's customers are businesses, while the customers of the P.Homes single-family housing segment and the real estate development segment are mainly individual customers (consumers).

Number of employees by geographical area

The Group has adopted a definition of geographical area in a geopolitical and economic context, where a given region constitutes a community with specific borders and regulations as well as economic ties.

The number of Group employees at the end of 2024 by geographical area is as follows:

Area	Number of employees
European Union countries	1,628

The Group does not operate in the fossil fuel, chemical production, controversial weapons or tobacco cultivation and production sectors.

The Group's sustainability goals

The Group's activities are integrated and focused on construction-related activities (PKD 41.20.Z Building works related to the erection of residential and non-residential buildings). Therefore, the Group's sustainability goals apply to all service groups (business lines) simultaneously. This means that the Group has not set sustainability goals for significant product and service groups, customer categories, geographical areas and stakeholder relationships, and has not assessed its current significant products or services and significant markets and customer groups in relation to sustainability goals. The Group's sustainability goals result from its business strategy and the policies previously adopted and implemented within the Group.

Environmental objectives (E)

The construction sector is one of the most emission-intensive sectors of the European Union economy. The Group's predominant activity is related to this sector, which is why the Group's Management Board pays the greatest attention to the implementation of objectives related to the Group's Climate Policy.
The overarching environmental objective, resulting from the adopted Pekabex Group's Climate Policy, is to reduce the Group's negative impact on the climate by systematically reducing greenhouse gas emissions and transitioning to a low-carbon economy.
The Group wants to achieve these goals through, among other things, the following measures:

- Investments in renewable energy sources and energy production for its own needs;
- Promotion of sustainable practices in construction;
- Reducing the carbon footprint of products;
- Actions and investments in the circular economy;
- Caring for water resources;
- Maintaining an environmental management system in accordance with the ISO 14001 standard.

In each of these areas, specific intermediate objectives have been set to lead the Group to achieve the overarching goal of its Climate Policy. The Group is in the process of developing a plan for transitioning to a low-carbon economy and setting targets in line with the ESRS.
Other objectives related to the environmental area are presented in ESRS E1-4, E3-3, E5-3.

Objectives in the area of labour and social issues (S)

The objectives in this area are mainly related to occupational health and safety.
The overarching objective in the employee and social area is zero fatal accidents among our own workforce.
This objective is constant every year and is achieved mainly through the maintenance, development and continuous improvement of the occupational health and safety management system in accordance with the ISO 45001 standard. Annual objectives are also set for other occupational health and safety indicators for individual work environments within the Group.

Other objectives related to the employee and social areas are presented in ESRS S1-5, S2-5, S3-5 and S4-5.

Governance objectives (G)

The Group's corporate governance objectives are based on the guidelines and standards published by Giełda Papierów Wartościowych w Warszawie S.A..
The overarching objective in the area of corporate governance is to promote transparency and sustainable development standards among business partners.

The overarching objective gives rise to operational goals related mainly to the promotion of ethical behaviour, anti-corruption, maintaining an efficient internal reporting system and managing supplier relations. Within these areas, the Group has adopted appropriate policies and procedures and monitors their effectiveness; see ESRS G1 – Business conduct for more details.

Assessment of significant services and significant markets and customer groups in relation to their sustainability objectives.

The services offered by the Group within its main business segments are designed to meet customer needs and contribute to the implementation of the Group's strategy, including its sustainability objectives. In the environmental area, the Group pursues its goal of reducing greenhouse gas emissions in the segment of prefabricated concrete structures – prefabrication, as well as in the implementation of projects as a general contractor, primarily through the following objectives and activities: reducing the carbon footprint per product (use of low-emission concrete, recycling of building materials, circular economy), improving energy efficiency (including through investments in renewable energy sources), offering sustainable solutions "Pekabex Green Standards". Sustainability objectives and assessments for relevant service groups, customer categories and stakeholder relationships are described in detail in dedicated ESRSs.

The Group has not identified any elements of its strategy that are relevant to sustainability reporting and that relate to or affect sustainability issues, including future challenges, critical solutions or projects to be implemented.
Business model

The Pekabex Group operates in the construction industry and offers comprehensive solutions in the field of prefabricated construction, from design, through production, supply and assembly of prefabricated reinforced concrete and prestressed elements for various types of construction, to comprehensive construction of facilities. The Pekabex Group is active in the execution of construction projects, mainly in the field of residential and commercial buildings, including halls as well as production and warehouse facilities, but also housing estates and other facilities. The Group is also active in the development of residential and commercial buildings. The demand for prefabricated construction products and reinforced concrete and prestressed elements is closely correlated with the development of the construction industry, and this is strongly linked to the macroeconomic situation in the country, especially the economic situation. Prefabricated structures are used for the erection of virtually all types of construction buildings. The Group has developed and implemented its own prefabricated module systems, “Pekabex Systems”, dedicated to various types of structures, such as: “Pekabex® Residential Buildings System”, “Pekabex® Hall System”, “Pekabex® Car Park System” and “Pekabex® Office Buildings System”.

Pekabex had six production sites: five in Poland and one in Germany. The Group’s structure includes a branch in Germany, owned by Pekabex Pref, and branches in Sweden and Denmark, owned by Pekabex Bet. Contracts are executed primarily in Poland, Germany, Sweden and Denmark, while production services are provided in Poland and Germany. Residential development projects, carried out as the Group’s own investments, are carried out in Poland and Germany. The Pekabex Group also includes a Swedish company and a German company carrying out projects as general contractors, as well as a German special purpose vehicle dedicated to residential development projects. At the end of 2024, the Group also established a company in the United Kingdom dedicated to the implementation of construction contracts involving the supply and assembly of prefabricated elements. As at 31 December 2024, the Pekabex Capital Group comprised 35 entities, including Poznańska Korporacja Budowlana Pekabex S.A. as the parent company, Pekabex Bet S.A. as the company concentrating the Group’s main activities, Pekabex Pref S.A. as the entity providing all key services within the Group, and Kokoszki Prefabrykacja S.A. as a property and operating company, as well as 23 development companies, including Pekabex Development sp. z o.o. as the coordinator of development projects, 4 companies located in Germany, 1 in Sweden and 1 in the United Kingdom.

The Group has three main areas of business activity: prefabricated element production, general contracting and development, which complement each other. In its activity, the Group combines the competences of a manufacturing, engineering, construction and real estate development company. Thanks to its comprehensive approach, Pekabex has the capabilities and competences to carry out even the most demanding projects. The effectiveness of the three business lines is strengthened by the support departments operating within the Group, such as the Sales Department, Design Department, Logistics Department, Execution Department and others, e.g. HR, IT, Legal Department, Finance Department or Administration. Pekabex has also its own design office, specialising in designing buildings and structures made of concrete prefabricated elements. Pekabex employs approx. 106 engineers with international experience, and permanently cooperates with external offices. Pekabex also transports manufactured prefabricated elements to construction sites in Poland and Europe by road, rail or sea, in cooperation with proven business partners. Constant supervision over the continuity of supply and safety of transport of prefabricated elements is exercised by the Transport Department. The Group also has its own Assembly Department, which assembles prefabricated structures. The Group has its own Research and Development Centre (established in 2017), where innovative construction and structural concepts and solutions are developed, taking into account the environmental impact of products. As part of its organisational structure, the Group has also established Pekabex Engineering, a unit employing engineers focused on improving production processes based on innovative solutions.
Poland is the main market for the Group. The German market also accounts for a significant proportion of the Group’s revenue, not only because of its production facility, but also because of the projects being carried out there for infrastructure construction for Industry 4.0 like data centres. Germany is currently one of the main growth directions, where the Group sees opportunities for further expansion, not only through increased sales of manufactured components, but also through the possibility of developing the provision of general contracting services. Another large market is the Scandinavian market, on which the Group has been operating for several years and is developing its competences in providing solutions for housing construction.

Potential impacts, risks and opportunities in a significant sector and their potential links to the Group’s own business model or value chain
The Group has identified potential impacts in the double materiality analysis process, but has not identified any potential risks or opportunities.

Area	Potential impacts, risks and opportunities	Link to business model / value chain	ESRS
GHG emissions and climate change	Impact: high emissions in the value chain, mainly from cement and steel production, as well as heavy transport.	Production and logistics processes – emissions generated in heavy industry	ESRS E1

Area	Potential impacts, risks and opportunities	Link to business model / value chain	ESRS
	Risk: rising costs of emissions and climate regulation. Opportunity: development of low-carbon prefabricated products.	plants and during transport. Upstream and downstream value chain.	
Resource use and circular economy	Impact: significant consumption of materials and generation of construction waste. Risk of limited availability of raw materials. Opportunity: implementation of circular economy solutions.	Management of material and raw material consumption, including steel and water – own operations, design and production processes.	ESRS E5
Occupational health and safety	Impact/risk: risk of accidents at work, particularly relevant in construction. Opportunity: requirement to have effective occupational health and safety policies in place.	Own workforce and subcontractors' employees – a key element of own operations.	ESRS S1, S2
Workers in the value chain	Impact/risk: risk of human rights and labour standards violations in the value chain. Opportunity: implementation of ESG assessment systems for suppliers and strengthening the transparency and resilience of the supply chain.	Numerous relationships with suppliers of materials and services – upstream value chain.	ESRS S2
Affected communities	Impact: nuisance caused by construction sites (noise, traffic, landscape) – the use of prefabrication technology has a positive impact – nuisance caused by construction sites is lower. Opportunity for positive impact through responsible dialogue.	Investments carried out in the immediate vicinity of communities – downstream value chain.	ESRS S3
Business conduct	Risk: risk of abuse in public procurement. Opportunity: the need for transparency and reporting systems.	Public tenders and cooperation with public sector entities.	ESRS G1
Sustainable construction (green buildings)	Risk: growing customer expectations with regard to sustainable construction. Opportunity: development of the prefabrication market.	Sustainable solutions/products/services in the business model – prefabricated elements and projects compliant with green standards.	ESRS E1, E5, E2

Value chain

The Group's value chain has been developed based on an analysis of the synergies of many factors, such as mission, customer segmentation, resources, innovation, cost structure and revenue sources, as well as stakeholder relations.

The earlier stages of the value chain, known as upstream, consist of all previous operations carried out by other entities, such as suppliers of raw materials, materials and services, as well as transport and storage. The core part of the value chain consists of the Group's operational and support processes, as well as waste and sales. The downstream stages of the value chain include all activities that take place after the completion of the basic production and construction processes. These are mainly services, including those related to product delivery, use, maintenance and warranty claims handling. Downstream focuses on interactions with end-users and consumers. The value chain encompasses the activities, resources and relationships that the Group uses and relies on to create its products or services, from concept to delivery, use and end of life.

With regard to the inputs used to generate value, the Group secures key human resources through a system of training, development programmes and internal competence maintenance procedures. Key material and financial resources are secured through long-term agreements with suppliers and systematic quality management in accordance with the ISO 9001 standard. The implementation of strategic sustainability measures by the Pekabex Group translates into measurable benefits for customers, the ability to deliver products with a lower carbon footprint and higher investment value thanks to environmental certificates (e.g. BREEAM). For local communities, especially those living in the areas surrounding the Group's investments, this translates into less nuisance from construction sites (shorter construction time, less noise, less waste and dust).

The value chain model is used in the processes of calculating greenhouse gas emissions, analysing the mutual influences of the Group and its environment, analysing processes in the circular economy model and analysing the resilience of the Group's business model to climate change.

The main features of the Pekabex Group's value chain include:

Upstream value chain:

- Suppliers of primary raw materials such as water, sand, aggregate and wood, as well as energy raw materials such as electricity, fuel and gas. These raw materials are essential for the operation of the business, as they are key to the production of precast concrete elements.
- Suppliers of materials for production are primarily suppliers of cement, steel, construction chemicals, plywood, insulation materials and other construction materials.
- Service providers – the largest service providers include transport companies and construction subcontractors. The Group also considers entities providing financial and insurance services to be key service providers.

Own operations:

- Operational processes: production and all production-related processes carried out at the Group's production plants, but also processes such as design, R&D, sales and contract execution, quality management and logistics.
- Support processes: all processes carried out by the Group's business support departments, such as finance, accounting, legal, environmental protection, HR, IT and others.
- Sales – the Group conducts most of its sales through direct distribution channels, reaching investors or general contractors.
- Waste generated directly in the production process or from construction sites.

Downstream value chain:

- Customers – the vast majority of the Group's customers are private companies or, to a lesser extent, public institutions, to which the Group sells precast concrete products or provides construction, assembly or general contracting services related to the construction of buildings. In the case of the sale of P.Homes single-family houses and sales within the development segment of investments carried out on its own account, the Group's customers are mainly consumers.
- End-users are people who live, stay or work in facilities built by the Group.
- Waste – this includes waste from the demolition of buildings and other structures – the final phase of the product's life cycle.

Key stakeholders in the value chain

The PEKABEX Group value chain

Upstream | suppliers, service providers, financial and insurance institutions

PEKABEX Group | employees, value chain workers, affected communities, shareholders

Downstream | customers, consumers and end-users

Supplies

Raw material suppliers

Primary raw materials:
- water
- sand, aggregates
- wood

Energy raw materials:
- electricity
- vehicle fuels
- gas

Material suppliers

In the case of production and assembly of prefabricated elements: cement, construction

In the case of general contracting: Manufacturers and suppliers of building materials

In the case of real estate development services: manufacturers and suppliers of materials for housing estate development

Service providers

In the case of production and assembly of prefabricated elements:
- transport services

In the case of general contracting: suppliers of services in the field of planning, surveying, geology, architectural design, facility security services, environmental impact

In the case of real estate development services:
- service providers and maintenance technicians
- construction contractors

Financial and insurance service providers

Delivery logistics

Transport and storage

Processes

Operational and support processes

Operating processes:
- production and production-related processes
- design
- R&D and technical development
- execution
- sales
- quality management
- management
- logistics and storage

Support processes:
- administration
- controlling
- finance
- HR
- IT
- communication and marketing
- accountancy
- guarantee services
- legal services
- staff matters
- management

Sales

Distribution channels

Direct: general contractors investors developers institutional customers individual customers

Indirect: real estate agents

Waste

Waste generated in the production of goods and services: waste from manufacturing plants and construction sites

Use

Customers

General contractors: investors:
- private companies (e.g. developers, manufacturing companies), public institutions

Development:
- individuals,
- private companies

P.Homes:
- individuals

Production and lease services:

End-users

Owners and tenants of residential buildings, users of commercial premises, production and office workers, local community

Waste

Waste from demolition of buildings and other structures

Sales logistics

Transport of products sold to customers

Group expenditure and benefits for stakeholders

Accumulation and development of expenditure
Accumulating and developing expenditure related to sustainable development involves systematic planning and subsequent implementation of objectives, which also requires a flexible approach to changing market conditions. Expenditure related to significant sustainability issues is described in more detail in the dedicated ESRS. In the Group, this expenditure mainly includes:

- Investments in technologies: renewable energy sources (photovoltaic installations), technologies reducing water consumption (water recycling), technologies reducing the consumption of materials and raw materials, technologies reducing energy and fuel consumption (LED light sources, modern vehicle fleet, modernisation of machinery).
- Initiatives related to reducing the carbon footprint and the use of sustainable solutions: costs of research carried out by the Group's Research and Development Department (research related to the use of innovative solutions in the area of sustainable development: reducing the carbon footprint per product, circular economy, reduction of material and raw material consumption), EPD environmental certification of products, costs related to the development and implementation of Pekabex Green Standards.
- Maintaining certification: costs related to maintaining ISO 9001 quality management system, ISO 14001 environmental management system and ISO 45001 occupational health and safety management system certifications (audits, maintaining process continuity, preventive and corrective measures).
- Training to improve employee competence and ensure the development of their skills, as well as to increase their safety and comfort at work.

Securing expenditure on sustainability

Securing expenditure on sustainable development involves ensuring financing that will allow the planned objectives to be achieved. Securing this expenditure includes:

- Financing: obtaining external financing in the form of EU grants, preferential credits or loans, or other sources supporting sustainable investments, own funds.
- Creating a long-term investment plan: planning expenditure related to sustainability, which requires the company to secure resources in the long term.
- Monitoring the effectiveness of expenditure: regular audits and reporting on progress in sustainable development (e.g. ESG reports, environmental audit, quality and health and safety management system audit), which allow for monitoring the effectiveness of investments in sustainability and their alignment with the Group's objectives.

Outcomes and effects for stakeholders

Employees and other workers

Opportunities for professional development and training – investments in employees and improving their skills translate into: greater occupational safety (health and safety), improving qualifications and development, increased work efficiency and psychological comfort (e.g. thanks to knowledge of the appropriate work tools, which reduces the risk of errors and possible consequences), job stability and better working conditions.

Shareholders

Greater resilience of the business model to changing market conditions related to the economy's adaptation to the principles of sustainable development – adaptation to environmental and social standards and corporate governance (maintaining environmental, health and safety and quality management certificates, implementing climate policy, investing in innovative solutions) protects the Group against future regulations and increases its attractiveness to shareholders.

Banks, funds, insurers, other financial institutions

Lower investment and credit risk – companies implementing sustainable solutions are more resilient to regulatory risk, and cooperation with them helps financial institutions meet the requirements imposed on them by regulations, e.g. regarding the financing of sustainable investments.

Customers, consumers and end-users

Sustainable solutions in products and services – products with a reduced carbon footprint and sustainable solutions are becoming an increasingly important factor in the selection of construction services, as they are associated with lower operating costs (energy efficiency), comfort and safety of use (higher fire resistance, better acoustic parameters), but also a higher market value of the investment and easier access to external financing.

Suppliers, subcontractors, service providers

Responsible upstream value chain management. This helps suppliers to reduce reputational risk and meet sustainability reporting requirements, e.g. avoiding customers who use unethical labour practices or increase their negative impact on the environment.

Local communities

Reducing the nuisance of construction (less noise, dust, waste, shorter construction time than with traditional construction technologies) and solutions that allow for the construction of structures that are more resistant to extreme weather conditions.

Authorities, supervisory bodies and other state institutions

Facilitating the implementation of climate policy and other sustainable development objectives – reducing emissions and improving the energy efficiency of buildings supports national climate neutrality and energy security objectives, while green construction reduces the demand for traditional energy sources and the burden on water supply and sewage systems.

Environment

Reducing negative impact – investment in sustainable development reduces negative environmental impact, primarily through: reducing greenhouse gas emissions, improving water management and protecting water resources, and promoting a circular economy.

8.3.2. SBM-2 – Interests and views of stakeholders

The Group's key stakeholders were identified during the materiality assessment carried out in 2024. The importance of various stakeholder groups was assessed by the Sustainability Committee based on a methodology previously approved by the Management Board.
Stages of stakeholder analysis:

- Identification and selection of the organisation's stakeholders.
- Assessment of stakeholders based on their hierarchy of importance.
- Conclusions from the findings.

Key stakeholders were identified and ranked in terms of materiality based on an assessment of the strength of their impact on the organisation's operations and the achievement of its objectives and/or the strength of the organisation's impact on them. The Management Board and the Supervisory Board are informed about the opinions of stakeholders during meetings of the Management Board and the Supervisory Board.

Stakeholders	Type of stakeholder	Organisation of cooperation / communication channels	Purpose of cooperation
Employees and other workers	Key	employee surveys addressed to all employees and surveys addressed to selected groups of employees, quarterly newsletters, communication via Pekanet, information boards, leaflets, posters, social media, periodic conversations, training courses, workshops and team meetings, town hall meetings or ask me anything (AMA) meetings – "If you don't know, ask"	The aim is to maintain motivation and job satisfaction within the Group while developing competencies that will enable its business growth, as well as assessing the severity of the impact and likelihood of sustainability issues that affect employees and other workers and/or changing/modifying the business model and strategy.
Shareholders	Key	face-to-face meetings, outcome conferences, General Meeting of Shareholders	The aim of the cooperation is to ensure reliable reporting standards and to co-create best business practices.
Banks, funds, insurers, other financial institutions	Key	face-to-face meetings and other established communication channels resulting from agreements or business practice, such as outcome conferences	The aim of the cooperation is to ensure reliable reporting standards and cooperation that supports the financing of long-term sustainability strategies and strengthens reporting credibility.
Suppliers, subcontractors, service providers	Key	face-to-face meetings and other established communication	Increasing transparency in the supply chain, preventing human rights violations. Establishing common

Stakeholders	Type of stakeholder	Organisation of cooperation / communication channels	Purpose of cooperation
		channels resulting from contracts or business practice	standards for sustainable operations and promoting them. Assessing impacts, risks and opportunities upstream.
Customers	Key	face-to-face meetings and other established communication channels resulting from contracts or business practice, including complaint channels	Responding to changing customer needs in terms of sustainability. Assessing the severity of the impact and likelihood of sustainability issues that affect customers and/or changing/modifying the business model and strategy.
Consumers and end-users	Key	face-to-face meetings and other established communication channels resulting from contracts or business practice, including channels for reporting complaints and channels for reporting violations	Assessment of the impact and likelihood of sustainability issues that affect consumers and end-users and/or changing/modifying the business model and strategy. Assessment of products and services in terms of safety and responsiveness to changing sustainability needs.
Local communities	Key	face-to-face meetings, e-mail, telephone, traditional mail, social media, reporting channels	The aim is to maintain the quality of life standards of local communities by assessing the severity of the impact and likelihood of sustainability issues that affect the communities concerned and/or changing/modifying the business model and strategy.
Authorities, supervisory bodies and other state institutions	Key	e-mail, telephone, traditional mail	Compliance with regulatory changes and requirements, as well as strengthening reporting credibility and cooperation in the implementation of new regulations.
Environment	Key	silent stakeholder, data collected through analyses, reports, public authority guidelines, non-governmental organisations	Compliance with regulatory changes and requirements and implementation of environmental objectives.

Key stakeholders were invited to engage in dialogue on important sustainability issues in terms of the Group's impact. The dialogue tools were selected to suit the specific characteristics of the selected stakeholder groups. The Group takes into account the results of cooperation with stakeholders in its double materiality analysis. The manner in which the Group analysed the opinions of key stakeholders as part of the materiality assessment process is described in section (IRO-1) "Double materiality analysis process". In 2024, the effects of cooperation with stakeholders did not require their inclusion in the management of sustainability issues or in changes to the strategy or business model. In principle, the results of the dialogue with stakeholders are communicated on an ongoing basis to the Management Board through the Sustainability Committee.

In 2024, the Group did not change its strategy or business model to take into account the interests and opinions of stakeholders.
The management and supervisory bodies are informed by the Group about the opinions and interests of stakeholders related to the Group's impact on sustainability.

ESRS SBM-2 in S1 area

Employee opinions are collected mainly in the form of the "Pekabex Employee Satisfaction Survey". The Group conducts the survey every two years in the form of a survey addressed to all Group employees and carried out by an independent external entity. The survey aims not only to measure the satisfaction and engagement of the Group's employees, but also to learn their opinions on key issues affecting them and to verify the effects of solutions implemented on the basis of conclusions from previous surveys. In the latest survey, employees indicated the need to develop managerial skills. The Group has implemented a Training Policy that implements a strategy for shaping and developing talent among its staff.

As part of the double materiality assessment process and the preparation of disclosures in accordance with the requirements of the European Sustainability Reporting Standards (ESRS), the Group conducted a qualitative survey (focus group) among its own workforce in order to take into account their views, interests, rights and expectations. Employee engagement was a key element in the process of identifying material sustainability issues. The survey provided in-depth information on which issues are perceived as most important by the Group's employees. By using a diverse and representative sample of participants, the Group was able to take into account a variety of perspectives and needs. The results of the survey were an important contribution to determining the topics to be disclosed under the ESRS.

ESRS SBM-2 in S2 area

Persons working in the Group's value chain, in particular subcontractors' employees working in locations controlled by the Group, are a key stakeholder group. Their opinions are collected during face-to-face meetings and other established communication channels resulting from contracts or business practice, including a dedicated channel for reporting violations, under which whistleblowers are subject to legal protection.

As part of the risk identification and materiality assessment process, a quantitative survey was conducted among representatives of selected entities cooperating with the Group in order to better understand the Group's impact on people working in the value chain. The purpose of the survey was to collect data on working conditions, respect for human rights, occupational safety and social practices among employees hired by the Group's subcontractors. The results of the survey were taken into account in the assessment of the materiality of sustainability issues.

ESRS SBM-2 in S3 area

The Pekabex Group identifies the interests and opinions of key stakeholders by analysing the impact of its strategy and business model on local communities, which is included in the materiality assessment process. Although the company's strategy does not directly address the views, interests and rights of the affected communities, the Group's activities – based on the prefabrication of reinforced concrete elements – contribute to minimising the nuisance of construction sites for the surrounding area. Shortening the time needed to complete investments, reducing noise and waste are key aspects that have a positive impact on residents and users of urban spaces in the vicinity of the Group's projects.

The conclusions of the materiality assessment indicate that the most important stakeholders in this area are the residents of the neighbourhoods where the Group's development projects are located and the area surrounding the production plant in Poznań.

ESRS SBM-2 in S4 area

For the Group, the stakeholders in the area of consumers and end-users are the owners and tenants of residential buildings, users of commercial premises, and production and office employees using non-residential facilities built by the Group.

The analysis of customer needs and expectations is an important element of the company's strategy, shaping its business model and improving internal processes. The Group declares its willingness to better understand and comprehend the expectations of its customers. For the purposes of double materiality analysis, the Group conducted a qualitative analysis of reports on the needs and preferences of this group of stakeholders (meta-analysis of market reports). In addition, the Group analyses complaints, which are an important tool for improving processes, creating new goals and managing customer relations. The Pekabex Group is also an active member of organisations and associations, including the Polish Association of Developers, which brings together the largest developers working for the development of the housing market in Poland, and the Polish Association of Green Building, which provides an opportunity to exchange experiences and engage in reliable, substantive communication with consumer organisations and entities whose statutory task is to protect the rights of consumers and end-users.

One of the key areas of activity is user safety, as there is a risk of loss of health or life in the industry resulting from possible design, construction or execution errors. The Group's activities related to product safety result from applicable laws and internal procedures, including those within the ISO 9001 quality management system. Prefabricated reinforced concrete structures are more resistant to fire and high temperatures associated with fire than steel structures, without the need for additional fire protection measures for end-users. In addition, prefabricated buildings provide better sound insulation compared to traditional concrete technologies, which has a positive impact on user comfort.

8.3.3. SBM-3 – Material impacts, risks and opportunities and their interaction with strategy and business model

The table below provides a brief description of material impacts, risks and opportunities and their place in the Group's value chain. In general, the impacts, risks and opportunities identified by the Group result mainly from the specific nature of the construction sector and the macroeconomic and political situation shaped by global energy and climate policies. The impacts, risks and opportunities related to prefabrication technology result directly from the strategy and business model adopted by the Pekabex Group: these are primarily positive impacts, allowing for increased safety on construction sites, increased comfort for end-users, reduced nuisance of construction activities for local communities, and the ability to offer low-carbon products which are products better adapted to extreme weather events. The detailed interdependencies of impacts, risks and opportunities with the Group's strategy and business model are comprehensively presented in the sections devoted to them, within the framework of the policies, actions and objectives assigned to them. All impacts, risks and opportunities included in the table below are assigned to the topics contained in the ESRS and time horizons. The Group has not defined any issues specific to the organisation.

ESRS issue	Issue identified in the materiality assessment	Smaller thematic unit	Brief description of material impacts, risks and opportunities	Type of materiality	Impacts, risks and opportunities	Place of origin in the value chain	Time horizon
E1 Climate change	Adapting to climate change		Offering prefabricated products for roof construction that increase resistance to severe weather events.	financial/impact	opportunity / positive, actual	own operations, downstream	medium-term
			The development of the precast concrete market increases demand for the Group's products and services.	financial	opportunity	downstream	medium-term
E1 Climate change	Climate change mitigation		Insufficient technological solutions for reducing emissions from the production of building materials.	impact	negative, actual	upstream, own operations, downstream	medium-term
			Use of low-carbon cement (reduction of the carbon footprint per product).	financial	opportunity	own operations	
			Process emissions related to cement and steel production.	impact	negative, actual	upstream	
			The construction industry has high emission intensity in terms of construction activities related to building construction.	impact	negative, actual	upstream, own operations, downstream	
			Construction activities involve the use of heavy transport, for which no low-carbon technologies are available.	impact	negative, actual	upstream, downstream	
			Difficulties related to the availability of low-carbon technologies in the supply chain.	financial	risk	upstream	medium-term
			Changes in customer expectations regarding construction technologies.	financial	risk	downstream	medium-term

ESRS issue	Issue identified in the materiality assessment	Smaller thematic unit	Brief description of material impacts, risks and opportunities	Type of materiality	Impacts, risks and opportunities	Place of origin in the value chain	Time horizon
			Increase in CO_2 emission allowance prices for cement and steel production.	financial	risk	upstream	medium-term
E1 Climate change	Energy		Increase in the cost of raw materials due to changes in the cost of energy carriers.	financial	risk	upstream	medium-term
			Use of conventional energy sources in production.	impact	negative, actual	upstream, own operations	
			Use of conventional energy sources in buildings during their use (product)	impact	negative, actual	downstream	
E3 Water and marine resources	Water	Water consumption	Consumption of tap water in own processes, especially as a raw material for production.	impact	negative, actual	own operations	
		Water intake	The Group intakes large amounts of tap water.	impact	negative, actual	own operations	
E5 Circular economy	Resource inflows, including use of resources		Large amount of materials introduced into the organisation.	impact	negative, actual	upstream, own operations, downstream	
	Waste		Construction activities involving the production of buildings and structures for which recycling technologies are not sufficiently developed.	impact	negative, actual	own operations, downstream	
			Activities in the construction sector generate large amounts of waste, which cannot be recycled or recovered.	impact	negative, actual	upstream, own operations, downstream	
			The use of concrete prefabrication technology reduces the amount of waste on construction sites.	impact	positive actual	own operations	
S1 Own workforce	Working conditions	Occupational health and safety	High risk of accidents characteristic of the entire construction industry, but lower than the industry average.	impact	negative, actual	upstream, own operations, downstream	
			Prefabrication reduces the number of workers on construction sites, which lowers the number of accidents and ensures more comfortable working conditions.	impact	positive, actual	own operations	

ESRS issue	Issue identified in the materiality assessment	Smaller thematic unit	Brief description of material impacts, risks and opportunities	Type of materiality	Impacts, risks and opportunities	Place of origin in the value chain	Time horizon
S1 Own workforce	Equal treatment and equal opportunities for all	Training and skills development	The Training Policy implemented at Pekabex implements a strategy of shaping and developing talent among staff.	impact	positive, actual	own operations	
S2 Workers in the value chain	Working conditions	Occupational health and safety	If negative situations are identified at partner companies, the company has mechanisms in place to respond to and report these incidents.	impact	positive, actual	upstream, own operations, downstream	
			The ISO 45001 standard sets out the principles for compliance with occupational health and safety regulations on construction sites and covers subcontractors.	impact	positive, actual	upstream, own operations, downstream	
S3 Affected communities	Economic, social and cultural rights of communities	Adequate housing conditions	Prefabrication has a low impact on the neighbourhood of construction sites (shorter construction time, lower intensity of work, reduction of waste and noise).	impact	positive, actual	own operations, downstream	
S4 Consumers and end-users	Personal safety of consumers or end-users	Personal safety	Due to the nature of the activity, there is a risk of loss of health or life of consumers and users of facilities resulting from design, construction or execution errors.	impact	negative, potential	own operations	
		Health and safety	Prefabricated concrete halls have higher fire resistance than steel structures without additional financial outlay for fire protection.	impact	positive, actual	own operations, downstream	
			Precast concrete elements provide greater sound insulation compared to traditional concrete technologies.	impact	positive, actual	own operations, downstream	
G1 Business conduct	Corporate culture		Building a corporate culture facilitates decision-making processes.	impact	positive, actual	own operations	
	Supplier relationship management, including payment practices		Building long-term relationships with suppliers to ensure the proper quality of product and service delivery (building subcontractor competence).	impact	positive, actual	upstream, own operations	

Current and anticipated effects on the business model, value chain, strategy and decision-making process of material impacts, risks and opportunities, and how to respond.

ESRS issue	Current and anticipated effects on the business model, value chain, strategy and decision-making process of material impacts, risks and opportunities, and how to respond	Information on how positive and negative impacts affect (or may affect) people and/or the environment
E1 Climate change	It is anticipated that the identified material impacts, risks and opportunities in the area of climate change will be associated with increased costs related to rising energy prices, which may directly affect the prices of raw materials and building materials. There is also expected to be growing interest in the market for sustainable solutions, primarily those related to reducing the carbon footprint. Financial institutions are expected to want to increase their green investment portfolios, which will also translate into customer interest in environmental certification and the EU Taxonomy. The Group's key activities in this area will focus on: sustainable cooperation with suppliers and the value chain optimisation, leveraging the advantages of prefabrication technology, investing in innovation and sustainable technologies (including low-carbon and circular economy technologies).	The negative impact of the Group and the value chain, which belong to the construction sector responsible for 37% of global greenhouse gas emissions, is mainly related to excessive emissions, which contribute to climate change. The results include an increase in the global average temperature, a decrease in average precipitation, extreme weather events, and rising sea levels. For the environment, this means destabilisation and destruction of many ecosystems and the disruption of natural cycles, which threatens biodiversity. For humans, climate change causes a change in the comfort of life (an increase in the number of extremely hot days), an increased risk of extreme weather events, which are associated with the loss of property, health and life, migration, increased living costs and job losses. The Group's positive impact in the area of climate change is related to offering prefabricated products for roof construction that increase resistance to severe weather events. This translates into safety for end-users – people.
E3 Water and marine resources	By taking measures to reduce water consumption through recycling, the Group reduces its operating costs and minimises its negative impact on the environment. Closed-loop water system in production plants brings both financial and environmental benefits, which is why the Group intends to continue investing in closed-loop water system technologies.	As the Group uses water as a raw material for production, it draws large amounts of drinking water from the water supply network, which may result in a reduction in water resources with good physical and chemical properties for nature and humans.
E5 Circular economy	It is anticipated that the identified material impacts, risks and opportunities in the area of circular economy will contribute to increasing the competitiveness of concrete prefabrication as a technology that in many respects responds to the challenges facing the construction industry in this area. The Group also anticipates changes in regulations related to the requirements for integrating circular economy principles into building design	In the value chain, the Group highlights the negative impact mainly related to environmental degradation caused by the exploitation of resources as a result of their extraction. This also limits their availability for future generations. In addition, the low tendency to recycle construction waste

ESRS issue	Current and anticipated effects on the business model, value chain, strategy and decision-making process of material impacts, risks and opportunities, and how to respond	Information on how positive and negative impacts affect (or may affect) people and/or the environment
	processes and product life cycle monitoring, which will require capital expenditure and possibly also the adaptation of certain operational processes.	leads to growing landfills, which in turn leads to pollution and degradation of natural habitats, negatively impacting the environment and people. The Group identifies its positive impact resulting from the specific nature of prefabrication technology, which reduces the amount of waste on construction sites compared to traditional construction technology. Less waste is generated on site because most processes take place in a controlled factory environment.
S1 Own workforce	The Group believes that employees are a key resource of the organisation, which determines the implementation of its strategy and objectives. Therefore, ensuring occupational health and safety, training and development of its own workforce is and will remain important. It is anticipated that the decline in the working-age population in the labour market will be associated with greater competition for employees in the labour market. Developing skills and ensuring safe and good working conditions has a material impact on business stability, service quality and the long-term development of the organisation, builds the employer's brand and reduces the risk of staff turnover.	Health and safety at work in the construction and manufacturing industries is very important, as these aspects can have both a negative (accidents at work can lead to injuries and deterioration in the health of employees) and a positive (prefabrication technology reduces the number of accidents and ensures more comfortable working conditions) impact. The implementation and execution of the Training Procedure and training programme has a positive impact on the company's own workforce, increasing its sense of value, appreciation and the need to develop its competence.
S2 Workers in the value chain	Effective management of employees in the value chain, mainly in the context of subcontractors' employees who perform work on premises controlled by the Group, ensures the stability of projects and minimises operational risks, especially those related to health and safety (downtime, contractual penalties, reputational risk). The Group will continue to maintain its health and safety management system, which also covers subcontractors' employees who perform work on premises controlled by the Group.	The Group's positive impact concerns the health and safety of employees in the value chain – subcontractors performing work in areas controlled by the Group. The health and safety management system according to the ISO 45001 standard also covers this group of employees.
S3 Affected communities	The specific nature of concrete prefabrication technology means that construction sites are less disruptive to the local community, especially when investments are made in inner-city areas. It is expected that as urban development becomes more dense, this feature of	The Group's positive impact is related to the specific nature of prefabrication technology, which improves people's quality of life by reducing the nuisance caused by construction sites and shortening the construction period.

ESRS issue	Current and anticipated effects on the business model, value chain, strategy and decision-making process of material impacts, risks and opportunities, and how to respond	Information on how positive and negative impacts affect (or may affect) people and/or the environment
	prefabrication technology will become increasingly important and will build the Group's competitive advantage.	This mainly applies to local communities around residential developments in city centres.
S4 Consumers and end-users	The specific nature of concrete prefabrication technology is associated with higher fire resistance and greater acoustic comfort for end-users of buildings. The Group will promote these features of prefabrication technology and build on them to gain a competitive advantage.	The potential negative impact on people – end-users – may be related to building safety (defects and design errors may lead to injuries and deterioration in the health of end-users). The Group's positive impact on people – end-users – is related to safety – higher fire resistance of prefabricated concrete structures – and comfort of living – better acoustic insulation.
G1 Business conduct	Building a corporate culture and long-term relationships with suppliers supports the consistency of actions and strategic decisions. The Group anticipates further development of the organisation, also in the context of foreign expansion. In this context, clear rules and values facilitate management, increase the resilience of the business model and the stability of development.	The impact of the corporate culture being built affects people mainly in the form of suppliers and their employees, and this applies primarily to companies in the SME sector.

The Group has not identified any current financial effects of significant risks and opportunities for its financial position, financial results and cash flows, or any significant risks and opportunities for which there is a significant risk of a material adjustment in the next annual reporting period to the carrying amounts of assets and liabilities recognised in the related financial statements.

At the current stage of ESRS disclosures, the Group has not assessed the financial impact as part of a double materiality analysis, which would involve assigning specific amounts to each risk and opportunity; the analysis only used a scale of financial impact that falls within a specific range. Therefore, the Group has not prepared an analysis of the expected financial impact of significant risks and opportunities on the Group's financial position, financial results and cash flows in the short, medium and long term. The Group has also not prepared any investment plans or plans to dispose of assets in order to counteract the financial effects of significant risks and opportunities identified in the double materiality analysis process.

The Group analysed the resilience of its strategy and business model in terms of its ability to counteract material impacts and risks and to take advantage of significant opportunities. The analysis was carried out for the first time and in subsequent periods the process will be improved through the implementation of appropriate mechanisms to monitor material impacts, risks and opportunities, which will contribute to the expansion of current processes in the area of building the resilience of the strategy and business model. The analysis used risk modelling, measured indicators (carbon footprint, water consumption, health and safety indicators, wage gap and others), performed a scenario analysis of climate risks, assessed stakeholder engagement, and assessed the organisation's flexibility and innovativeness. The most important conclusions regarding issues that build the resilience of the business model and strategy in relation to material impacts, risks and opportunities are presented in the table below.

ESRS issue	Issue identified in the materiality assessment	Smaller thematic unit	Conclusions from the analysis of the strategy and business model resilience
E1 Climate change	Adapting to climate change		The opportunities identified by the Group in this area are related to the properties of concrete prefabrication technology and the growing market interest in this type of construction due to, for example, the reduction of risks associated with climate change and increasingly frequent extreme weather events.
E1 Climate change	Climate change mitigation		In the area of climate change mitigation, a material negative impact has been identified, resulting from the specific nature of the industry, which, in connection with the implementation of the European Green Deal, is seeking solutions to reduce greenhouse gas emissions. The Group focuses its activities on reducing the carbon footprint of its products, also using its Research and Development Department for this purpose. The Group has also identified a material negative impact associated with the use of heavy transport in the upstream and downstream value chain. The Group manages its transport organisation process, especially in the downstream segment, in a way that reduces the number of journeys. In addition, it verifies its suppliers' compliance with at least Euro 6 standards for exhaust emissions. An opportunity for the Group in this area is the use of zero-emission cement (reducing the carbon footprint per product), which meets the needs of customers looking for solutions in the area of sustainable construction.
E1 Climate change	Energy		The main negative impacts and risks related to energy refer to the upstream value chain. Steel and cement production are energy-intensive processes, and rising energy costs may be reflected in the prices of these materials. The Group analyses price trends for steel, cement and other materials over various time horizons. The Group also updates its cost estimates on an ongoing basis in response to changing market conditions. In relation to its own operations, the Group implements measures to improve energy efficiency in order to reduce or not increase fuel and energy consumption, but also by increasing the share of renewable energy in total energy consumption.
E3 Water and marine resources	Water	Water consumption	The Group undertakes measures aimed at water recovery. It is currently being reused in technological processes at three of the Group's plants. The plants in Kokoszki, Mszczonów and Poznań benefit from a system of reclamation of water from the technological process. Aggregate resulting from the process is separated and reused, while post-process water is returned to production and reused. The other plants have sedimentation tanks. The Group plans further investments in recycling equipment for separating concrete mix residues.
E5 Circular economy	Resource inflows, including use of resources		Most of the negative impacts are related to limitations in the development of recycling technologies in construction. The Group strives to reduce its negative impact in this area by, among other things,

ESRS issue	Issue identified in the materiality assessment	Smaller thematic unit	Conclusions from the analysis of the strategy and business model resilience
	Waste		implementing circular economy principles within the Group, which enable for effective resource management, waste minimisation and reuse. The Group operates an Environmental Management System in accordance with the ISO 14001 standard, a key aspect of which is waste management as part of a broader environmental management strategy. Regular auditing and monitoring of waste throughout the value chain to better manage its flow and minimise risk.
S1 Own workforce	Working conditions	Occupational health and safety	The Group has identified a negative impact related to the high risk of accidents characteristic of the entire construction industry, but this risk is lower than the industry average. The Group has an externally audited occupational health and safety management system in place in accordance with the ISO 45001 standard, which reduces the risk of accidents at work through procedures, monitoring of indicators, training, analysis of accident causes and implementation of preventive measures. In addition, prefabrication technology reduces the number of accidents on construction sites and ensures more comfortable working conditions – a positive impact.
	Equal treatment and equal opportunities for all	Training and skills development	The Group has identified its material positive impact on training and skills development. The Group has a Training Policy in place, the implementation of which allows employees to be better prepared for professional challenges, strengthening the business model resilience and improving the Group's competitiveness.
S2 Workers in the value chain	Working conditions	Occupational health and safety	The Group identifies its positive actual impact in terms of occupational health and safety of persons in the value chain. Subcontractors providing services in areas directly controlled by the Group are also covered by the Group's health and safety management system. This translates into greater control by the Group over health and safety processes and reduces the risk of accidents among subcontractors.
S3 Affected communities	Economic, social and cultural rights of the community	Adequate housing conditions	The Group has identified its positive real impact on local communities related to the reduced nuisance of construction sites, compared to traditional construction technology, for local residents, especially in the context of inner-city housing projects. The Group also assesses its decision-making processes, taking into account the impact of its own development investments on local communities when planning projects, in the context of analysing the needs of local communities.
S4 Consumers and end-users	Personal safety of consumers or end-users	Personal safety	In the area of consumer and end-user safety, the Group has identified a negative potential impact related to end-user safety. The Group manages this risk through, among other things, quality control. The Group also has an ISO 9001 quality management system audited by an external company, and the Group undergoes mandatory certification of its products. In addition, customer complaints and reports are systematically analysed, initiating appropriate action. Regular monitoring, training, certification and

ESRS issue	Issue identified in the materiality assessment	Smaller thematic unit	Conclusions from the analysis of the strategy and business model resilience
			analysis of reports increase the resilience of the strategy and minimise the risks associated with product liability.
		Health and safety	The Group has identified its positive, real impact in the area of safety and health. This is related to concrete prefabrication technology, which provides higher fire resistance and better acoustic conditions in buildings constructed using this technology. The Group's business model based on prefabrication technology increases the chances of building a long-term competitive advantage in the construction market.
G1 Business conduct	Corporate culture		As part of creating a corporate culture, an ethics-based management system is an important issue for the Group. In this regard, the Group has identified the positive impact of building a corporate culture that supports decision-making processes and promotes the resilience of the business model. The Group has a Code of Ethics in place, as well as monitors and analyses reported cases of unacceptable behaviour that violates the Code of Ethics. Activities related to ethics are presented at Management Board meetings and supervised by the Ethics Committee.
	Supplier relationship management, including payment practices		The Group has identified its positive impact in terms of managing supplier relations. Suppliers are a key stakeholder for the Group. Building long-term relationships based on business partnerships ensures the Group's business efficiency and promotes the development of best business practices. The Group has established and developed terms of cooperation with suppliers in terms of quality, timeliness and business ethics. The Group regularly monitors and improves processes in this area, while minimising operational risk and building positive relationships in the value chain.

8.4. MANAGEMENT OF IMPACTS, RISKS AND OPPORTUNITIES

8.4.1. IRO-1 – Description of the processes to identify and assess material impacts, risks and opportunities

In 2024, the Group conducted a comprehensive materiality assessment. The methodology used to conduct the assessment was developed on the basis of:
European Sustainability Reporting Standards (ESRS);

- European Financial Reporting Advisory Group (EFRAG) IG 1: Materiality Assessment Implementation Guidance on materiality assessment;
- the requirements of ISO 9001, ISO14001 and ISO 45001 standards for risk identification.

This methodology took into account the principle of double materiality, which means that the study considered the materiality of issues from the perspective of the Group's impact on sustainability issues and from the perspective of financial materiality, i.e. the impact of a given sustainability issue on the Group's future financial results. The study was conducted by internal project teams with the support of external experts and in consultation with key stakeholders in accordance with the methodology contained in EFRAG IG1 Materiality Assessment.
The materiality assessment was carried out in accordance with the following approach:

1. Verification of the relevance of the business context

The starting point was to map and understand the key elements of our value chain and stakeholders that the Group influences through its business activities and business relationships. To this end, an external and internal contextual analysis was conducted based on a review of:

- the company's business model and value chain,
- stakeholders – their needs and expectations,
- the organisation's location,
- external and internal factors,
- the company's legal and regulatory environment,
- products and services,
- competition,

taking into account:

- industry guidelines (e.g. SASB, MSCI Industry Materiality Map),
- available publications, such as media reports, sector benchmarks, publications on general sustainability trends, and scientific articles on industrial decarbonisation.

a. Analysis of the company's business model and value chain

In order to capture the relevant sustainability issues across the Group's value chain and business model, a map of the value chain and business model was created, including a representation of the company's business relationships with upstream and/or downstream undertakings, including the type and nature of the business relationships.

b. Identification and analysis of stakeholders, their needs and expectations

Based on the mapped value chain, a list of stakeholders was prepared and subjected to a materiality analysis. In order to confirm the needs of key stakeholders, a qualitative and quantitative survey was conducted. The results of the survey of individual stakeholder groups were included in a double materiality matrix.

c. Analysis of the organisation's location and external and internal factors.

The analysis of the organisation's location consisted of considering all locations in terms of geography, distance from natural resources, exposure to physical hazards (natural and resulting from the neighbourhood). Internal and external factors affecting the organisation's activities were verified in terms of their relevance, taking into account changes in law, stakeholders, business model, location changes and other aspects that may affect these factors.

2. Double materiality analysis, identification and assessment of risks and opportunities

At this stage, material impacts, risks and opportunities were identified as a necessary process for compliance with ESRS regulations and building sustainable business value.

a. Analysis of the materiality of sustainability issues

A key step in assessing the materiality of impacts was to identify and prioritise key sustainability issues, the resulting IROs (impacts, risks and opportunities) and their assessment in terms of materiality of impact and financial materiality. In order to determine which topics and their associated positive or negative impacts, risks and opportunities are material to the Group, the AR 16 list from the ESRS Regulation was used and supplemented with issues specific to the sector and the undertaking. During the analysis, issues that were irrelevant from the perspective of the Group's impact on people and the environment, as well as those that were not financially significant for the Group, were eliminated. Based on the verification of the relevance of the organisation's context, a final list of sustainability issues was verified, which are material from the perspective of the Group's impact on the environment and people, as well as its financial impact on the Group's operations.

b. Impact materiality assessment

As part of the verification of the impact materiality, the severity of the impact, its likelihood and the possibility of remedying the effects of negative impacts should be reassessed. Adopted criteria for assessing the impact materiality:
Scale of impact:

- 0 - negligible – negligible impact on society or the environment;

- 1 - very low – minimal impact on society or the environment;
- 2 - local (the issue has an impact on society or the environment, but does not affect health (of society or the ecosystem), relationships and long-term access to basic services and rights (food, water, communication, etc.));
- 3 - medium (the issue has an impact on society or the environment, but has little impact on health, relationships and long-term access to basic services and rights (food, water, communication, etc.));
- 4 - high (the issue affects public health or the environment, relationships and long-term access to basic services and rights (food, water, communication, etc.));
- 5 - very high (the issue has a direct and material impact on the survival of citizens or elements of the environment (ecosystems, species, etc.)).

Scope of impact:

- 0 - negligible;
- 1 - insignificant (1 or 2 municipalities – few customers / residents / employees);
- 2 – locally concentrated (3 to 10 municipalities – up to 1% of customers/residents/employees);
- 3 - medium (1-2 voivodeships – up to 10% of customers/residents/employees);
- 4 - widespread (several voivodeships, country or certain regions up to the entire country – up to 60% of customers/residents/employees);
- 5 - global (affecting the national level – >60% of customers/residents/employees).

Probability:

- 0 - negligible (<5%);
- 1 - very unlikely (>5%);
- 2 - unlikely (>20%);
- 3 - possible (>40%);
- 4 - likely (>60%);
- 5 - very likely (>70%).

Repairability:

- 0 - easy to repair (costs up to 15,662 thousand and/or repairable within less than 1 month);
- 1 - relatively easy to repair (costs from PLN 15,662 to 31,325 thousand and/or repairable within 1-2 months);
- 2 - repairable with some effort (costs up to PLN 46,987 thousand and/or repairable within 1 or 2 quarters);
- 3 - difficult to repair (costs up to PLN 78,312 thousand and/or to be repaired within 1 or 2 years);
- 4 - very difficult to repair (costs > PLN 156,624 thousand and/or to be repaired in over 2 years);
- 5 - irreversible.

The severity is determined on the basis of the scale and scope of impact, which is the average of the scope and scale of impact. When assessing the materiality of impact, a minimum materiality threshold of 3 points or higher was adopted, calculated as the average of severity, reparability and probability (where applicable).

c. Assessment of financial materiality

The identified risks and opportunities that may have financial implications for the Group were assessed for financial materiality. To this end, the first step was to identify the actual financial implications (expenses and revenue) related to specific sustainability issues already incurred by the Group (e.g. energy expenses, revenue from products and services for the decarbonisation of production processes) was identified, followed by an assessment of the scale of the potential financial impact of the identified risks and opportunities and an assessment of the likelihood of their occurrence.

The assessment of the scale was based on the following financial materiality criteria:

- negligible – < PLN 15,662 thousand;
- insignificant – PLN 15,662 - 31,325 thousand;
- low – PLN 31,325 - 46,987 thousand;
- material – PLN 46,987 - 78,312 thousand;
- high – PLN 78,312 - 156,624 thousand;
- critical – > PLN 156,624 thousand.

A similar scale was used to assess the probability as for assessing the probability of inflows:

- 0 - negligible (<5%);
- 1 - very unlikely (>5%);
- 2 - unlikely (>20%);
- 3 - possible (>40%);
- 4 - likely (>60%);
- 5 - very likely (>70%).

The time horizon was assessed according to the criteria set out in ESRS 1:

- short-term (in accordance with the reporting period of the entity, up to 1 year);
- medium-term (up to 5 years);
- long-term (over 5 years).

Risks and opportunities assessed at ≥ 3 points from the average assessment of probability and financial severity were considered significant.

d. Results of the materiality risk and opportunity analysis

The results of the materiality analysis were assessed and categorised according to the level of impact materiality and financial materiality, and then presented in the form of a matrix. The results of the analysis were validated by comparison with the results of the stakeholder survey. In the event of a difference in the assessment of a given impact, risk or opportunity between the average stakeholder assessment and the assessment obtained during the IRO analysis, which exceeded 1 point and affected the recognition of a given issue as material or immaterial, the final assessment was made by the Management Board in cooperation with the relevant Directors of the Group's organisational divisions, based on all the data and information collected on the issue in question.

The following materiality thresholds were adopted, corresponding to the scores obtained during the analyses:

- minimum materiality from 0 to <2;
- average materiality from 2 to <3;
- significant materiality from 3 to <4;
- critical materiality from 4 to 5.

Minimal and average materiality means that the issue is considered immaterial, while significant and critical materiality means that the issue is considered material and is reported in the statement.

Description of the decision-making process and related internal control procedures, as well as the scope and manner of incorporating the process of identifying, assessing and managing impacts, risks and opportunities into the Group's overall risk management process

The double materiality assessment process also included the validation and approval of the materiality matrix by the Management Board. The Sustainability Committee presented the results of the double materiality analysis at a meeting of the Management Board, and the Management Board then informed the Members of the Supervisory Board of the results of the process. The double materiality analysis process also requires effective internal control to ensure compliance with ESRS requirements and the reliability of results. The principles of internal control over the double materiality assessment process and risk management in this area are incorporated into the Group's risk management process and are based on the ISO 9001 Quality Management System. The System includes a Risk Management Procedure and an Internal Audit Procedure. The Group has also adopted a "Double Materiality Analysis Instruction", which also contains guidelines for conducting internal control in this area.

The internal control process of double materiality analysis consists of the following elements: periodic review of the analysis process in order to identify any non-compliance or gaps, as well as to update its results, internal audits conducted to verify the compliance of processes with the adopted "Double Materiality Analysis Instructions", analysis of non-compliance and proposal of corrective actions, reporting of internal audit results to the Management Board.

Identifying significant climate-related sustainability risks allows for more effective prediction and mitigation of potential threats, including those to financial stability. At the same time, the double materiality assessment enables the discovery of new market opportunities in the area of sustainability. The double materiality assessment provides information for creating value in the long term perspective and increasing the resilience of the business strategy.

The study took into account, among others, the following sources of information (input parameters):

- analysis of the consolidation of source data from individual stages of the study;
- a benchmarking analysis (peer group) covering 10 undertakings from the construction industry in Poland and Europe and 4 undertakings from outside the industry that have published sustainability reports in accordance with ESRS requirements;
- cooperation with organisations and associations whose activities are related to aspects of sustainability, i.e. ThinkCo, JBL, Polish Green Building Council, Polish Circular Hotspot, Polish ESG Association;
- analysis of the needs of key stakeholders (focus group, in-depth interview, qualitative analysis);
- analysis of external information (desk research) on the industry, market, consumer needs, and, for example, sustainability guidelines for the construction industry;
- thematic project teams consisting of representatives of the Pekabex Group's Sustainability Committee, representatives of the Management Board, senior management and experts selected from among the Group's employees.

The 2024 Sustainability Statement is the Group's first Statement in this area, so no changes were made to the process compared to the previous reporting period.

E1 IRO-1 Climate change

As a result of the double materiality analysis carried out in 2024, the Group identified the following material issues related to climate change:

- Adaptation to climate change – material impacts and opportunities are related to the specific nature of concrete prefabrication technology.
- Energy. Material impacts and risks have been identified that are related to the energy intensity of the upstream value chain, as well as the use of conventional energy sources during the use of buildings (downstream value chain).

- Climate change mitigation through the reduction of greenhouse gas (GHG) emissions in Scopes 1, 2 and 3. The main impacts in this area relate to the emissions of the downstream value chain, as well as the opportunity in our own operations to reduce the carbon footprint per product (use of low-carbon technologies).

A detailed presentation of the impacts, risks and opportunities related to climate change is included in section SBM-3.

In the process of identifying material impacts, risks and opportunities in the area of climate change, the sources of greenhouse gas emissions and the results of their measurement were analysed, both within the Group's own operations and in the value chain (carbon footprint in Scope 3) – the industry in which the Group operates is highly emission-intensive due to the use of high-emission raw materials, including steel and cement.

The Group also analysed physical risks within its own operations, focusing on the Group's location. The physical risk analysis covered only key TIER 1 raw materials. As part of the identification and assessment of physical risks related to climate change, the Group applied a systematic location-based approach, using available climate scenarios. The analysis was conducted based on the RCP 8.5 (Representative Concentration Pathway) climate scenario, reflecting a high greenhouse gas emission pathway. This is a reference scenario recommended for identifying risks in a precautionary approach, as it presents extreme but likely climate conditions. For each location (at the county level), an analysis of the occurrence of selected climate phenomena was performed in the Klimada 2.0 portal. For spatial analyses, a time horizon of 2021-2030 was adopted, which enabled the assessment of risks affecting current strategic, operational and investment decisions.

The data was supplemented with an analysis of the risks of violent fires resulting from the vicinity of, for example, meadows, forests and other objects. The Copernicus portal was used for this purpose. For foreign plants, the analysis was performed using the German DWD Klimaatlas portal, which enables the visualisation and assessment of climate trends, including precipitation, temperature and the number of days with extreme weather conditions.

The Group analysed extreme weather events, temperature increases and water shortages. The identified risks are primarily intense and sudden, which makes them difficult to predict and difficult to protect against. However, none of the Group's locations are in areas where the identified risks exceed a low level. No significant physical risks that could affect supplies have been identified for the Group's key raw materials. In the case of long-term physical risks that gradually transform the environment (temperature increase, changes in precipitation, degradation of habitats and biodiversity), their impact on the Group's assets and business activities is also low. In addition, their predictability provides opportunities to hedge against their effects.

At the time of publication of this report, the Group has not yet conducted a full analysis of climate scenarios in relation to the critical assumptions made in the financial statements. Therefore, the impact of climate risks and opportunities has not been quantitatively related to the value of assets, liabilities or financial projections used in financial reporting.

At the same time, the Group monitors selected climate variables, such as:

- energy costs and their impact on project profitability,
- fluctuations in the prices of construction materials (e.g. cement, steel) related to EU climate policies,
- the evolution of CO_2 emission costs,
- potential disruptions in supply chains resulting from extreme weather events.

Although this information is not currently fully integrated into the financial analysis of climate scenarios, it provides a starting point for further development of the approach to assessing the resilience of the Group's business model and strategy to climate change.

The Group plans to conduct such an analysis in subsequent reporting periods in order to comply with ESRS E1 requirements and increase transparency in climate risk management.

The Group identifies and assesses climate risks that occur within the business processes to ensure the safe continuation of the Group's operations, and to take any preventive action that may be required. The Group is working to align its business strategy and investment plans with the requirements of the low-carbon economy and the Paris Agreement. The ESRS 1 time horizon was adopted for the assessment of climate risks.

As part of the identification of material environmental aspects in the area of climate change (ESRS E1), material risks and opportunities arising from the transition to a low-carbon economy were identified.

The analysis was conducted based on climate scenarios developed by:

- International Energy Agency (IEA): Net Zero Emissions by 2050 Scenario (NZE2050) and Sustainable Development Scenario (SDS),
- Network for Greening the Financial System (NGFS): Net Zero 2050 and Delayed Transition.

These scenarios differ in terms of the pace of climate policy implementation, the level of regulation and technological changes. For the purposes of this analysis, the perspective until 2030 and 2050 was adopted. The analysis took into account, among others, the transition events indicated in Table AR 12, divided into political and legal, technological, market and reputation-related events. Among the risks and opportunities of the transition, the following were identified:

- an increase in the price of CO_2 emission allowances (upstream value chain),
- tightening of regulatory requirements for the decarbonisation of construction,
- changes in customer preferences towards low-carbon solutions (development of low-carbon technologies),
- growing expectations of investors and financial institutions in terms of sustainability (changes in the availability / costs of financing).

E2 IRO-1 Pollution

As a result of the double materiality analysis, no material impacts, risks or opportunities related to pollution were identified. The Group reviewed its own locations and business activities to identify its actual and potential impacts, risks and opportunities related to pollution within its own operations and in the upstream and downstream value chain.
The analysis covered air, water and soil pollution, with a particular focus on microplastics, in relation to the use of polystyrene in construction processes. Prefabrication technology reduces the amount of polystyrene processing used on site, and as a result of this analysis, the issue was considered immaterial. The analysis also examined substances of that are potentially hazardous and of particular concern. In assessing the impacts, risks and opportunities, the Group's locations and the sectors represented by undertakings in the Group's value chain were taken into account.
The analysis concluded that pollution is not a significant issue for the Group's own operations or its upstream and downstream value chain at any of its locations, and that the Group's business activities are not associated with material impacts, risks and opportunities related to pollution.
The methods, assumptions and tools used in the analysis are:

- Identification and mapping of emission sources – analysis of operations that may cause pollutant emissions and identification of potential locations where hazardous substances may be used (e.g. warehouses).
- Quantitative and qualitative assessment based on substance data sheets (SDS) – to identify potentially hazardous chemical compounds, environmental emission registers (KOBiZE).
- Environmental monitoring under the ISO 14001 standard.
- Analysis of legal regulations and regulatory risks (IED Directive, REACH Regulation, Environmental Protection Law, local integrated or sectoral permits).
- Impact assessment, especially in the context of affected communities and environmental impact.

As part of its assessment of material impacts, risks and opportunities related to pollution, the group did not consult with stakeholders, including affected communities.

E3 IRO-1 Water and marine resources

The Group conducted a double materiality assessment by analysing material impacts, risks and opportunities related to water and marine resources. Water is used as a primary raw material in the Group's production processes and for social purposes in office buildings and on construction sites. As a result of this analysis, the Group identified its material impact related to the intake and consumption of tap water for production purposes. At the same time, it should be noted that, in terms of sustainability issues in the area of water and marine resources, only the sub-topic "Water" was identified as having a negative impact, while the sub-topic "Marine resources" was considered immaterial.
In order to identify material impacts, risks and opportunities, the Group conducted an analysis related to the use of water resources in the context of the entire value chain, with particular emphasis on the Group's location in terms of its exposure to water-related risks. The aim of the analysis was to determine the potential exposure of the Group's operations to risks related to the availability, quality and regulation of fresh water. The analysis focused in particular on:
water intake, consumption and wastewater discharge;
the location of each site in relation to watercourses and rivers and the potential risk of pollution;
the location of any of the sites in an area exposed to water-related risks, including significant water shortages;
whether individual sites had water permits;
the existence of a closed-loop water system at individual locations.
The following tools were used in the analysis:

- Aqueduct Water Risk Atlas (WRI)
- This tool was used to assess the level of water stress. Based on the geographical coordinates of individual plants, a map analysis and risk classification at the regional level was carried out.
- Surface Water Quality Portal (GIOŚ / GUGiK)
- Data on the ecological and chemical status of surface waters in the regions where the Group operates was used. The analysis identified potential environmental constraints and local hydrological conditions that may affect plant operations or environmental requirements.
- Geoportal WFD Maps 2017 (EU Water Framework Directive – Germany)

The data was used as an aid in assessing water conditions in the context of the Marktzeuln production plant's operations and the Group's presence on the German market.
The analysis showed that all Pekabex Group locations are in areas exposed to various water risks, including water stress (limited availability of water resources) and risks related to the physicochemical quality of surface waters. Two of the Group's production plants are located in areas with a significant water deficit, i.e. Poznań and Marktzeuln (Germany), while the remaining locations are in areas with poor physicochemical conditions of surface water. The Group monitors the water situation at its locations and is considering measures to improve the efficiency of its use.
For many years, the Group has been collecting and analysing data and publishing its water consumption and intake as well as the amount of wastewater discharged in its annual integrated reports. A closed-loop water system has been implemented at some of the Group's plants, allowing water to be returned to the process.
Only one of the Group's plants, located in Mszczonów, is required to obtain a water permit for the discharge of rainwater and meltwater (administrative decisions issued on the basis of the Water Law Act of 20 July 2017). The Group did not conduct any consultations, including with affected communities, in the process of identifying and assessing material impacts, risks and opportunities related to water and marine resources.

E4 IRO-1 Biodiversity and ecosystems

In order to identify actual and potential impacts in relation to disclosures on biodiversity and ecosystems, the Group reviewed its own locations for proximity to natural habitats in the NATURA 2000 area and other legally protected areas. To this end, for its locations in Poland, the Group used the Geoservice provided by the General Directorate for Environmental Protection, which allows the presence of nature conservation measures in a given area to be checked. For its locations in Germany, the Group used the Nationale Naturlandschaften portal. In its analysis of the impacts, risks and opportunities related to biodiversity and ecosystems, the Group also took into account the nature of its activities in the locations analysed. The Group also assessed the actual and potential impacts on biodiversity and ecosystems in the upstream value chain. This mainly concerned key raw materials and production materials. The analysis was based on information contained in sustainability reports prepared by contractors, industry reports and thematic analyses.
The Group did not identify any material impacts, risks or opportunities in the area of biodiversity and ecosystems relating to its own operations or the value chain. The Group's activities in the analysed locations are mainly concentrated in urban areas, where the risk of negative impact on biodiversity is very limited, as these areas are not distinguished by any particular natural values and are not protected for biodiversity reasons.

Compared to traditional construction, prefabrication technology allows work to be concentrated in the production plant, which facilitates emission control and environmental management. In addition, the Group minimises the negative impact of its factories on the environment through internal dust extraction systems, the use of energy from renewable sources (solar panels) and water recycling systems in some locations. The Group's activities related to the implementation of its own development projects did not exceed 10% of total consolidated revenue in 2024, which limits the Group's impact to a locally concentrated level. Only one of the Group's investments in 2024 was carried out outside the immediate urban area, namely the Origin Revital Mechelinki complex, located in the municipality of Kosakowa in the village of Mechelinki. Operations in this location do not benefit from the environment, and the implemented environmental management system compliant with the ISO 14001 standard enables continuous monitoring of the environmental impact. In addition, the use of prefabrication technology on the construction site puts less pressure on the habitat, mainly due to the shorter construction time and the limited number of workers on site, but also due to the reduction of noise and waste.

The Group does not identify any risks arising from the limited availability of ecosystem services that could affect its operations, including the value chain. The Group also did not identify any systemic risks in its analysis.

The Group's activities are not related to sectors that pose a high risk to ecosystems, nor do they have a material impact on environmental changes. Due to the lack of impact of the Group's activities on protected areas and ecosystems, there is no need to implement mitigation measures related to biodiversity protection. The Group's activities do not lead to the deterioration of natural habitats and species habitats, the degradation of ecosystems, or a reduction in the range or quality of ecosystem services. The Group's locations, production of raw materials and materials at the downstream value chain, or procurement do not adversely affect biodiversity and ecosystems. The Group has also not identified any impact on affected communities and therefore has not conducted public consultations on the assessment of shared biological resources and ecosystems in terms of sustainability.

E5 IRO-1 Resource use and circular economy

The Group conducted a double materiality study analysing the material impacts, risks and opportunities related to resource use and circular economy. The process identified both negative and positive material impacts and material risks. The positive impact was mostly related to the specific nature of prefabrication technology, while the negative impact was related to the Group's own operations and those of its upstream and downstream value chain partners, due to difficulties in recycling waste across the entire construction industry.

The analysis examined the origin of Tier 1 raw materials used in own operations and in the value chain by analysing declarations of performance. With regard to waste, records of origin were kept, mainly in the BDO (Database on Products, Packaging and Waste Management), concerning the types of waste generated in 2024. Data on this issue was collected on the basis of waste records created on the basis of waste transfer cards and internal statements.

The Group did not consult with affected communities in the process of identifying and assessing material impacts, risks and opportunities related to resource use and the circular economy.

G1 IRO-1 Business conduct

As part of the identification of impacts, risks and opportunities, the Group analysed its own operations and those in the upstream and downstream value chain. As part of the identification of material impacts, risks and opportunities in relation to business conduct issues, criteria such as the following were taken into account:
Location – the Group's locations include its production sites (five production plants in Poland and one in Germany), as well as the location of its own development investments during the reporting period and properties leased by the Group and those leased by the Group to entities outside the Group. When analysing the impacts, risks and opportunities related to business conduct, the Group also took into account the locations where it conducts construction services. These are areas of the European Union, and occasionally other European countries outside the EU, such as Switzerland. An analysis of the Group's value chain showed that, in both downstream and upstream value chain, the locations of the undertakings with which the Group cooperates are predominantly in European countries.
Operations – The Group focuses its business activities on three business segments described in ESRS 2 SBM-1. The activities of undertakings in the value chain are concentrated upstream on heavy industry (steelworks, cement plants), chemicals, building materials production, heavy transport and others, while downstream these are manufacturing undertakings, developers, owners and tenants of warehouse and residential space, general contractors – construction industry.
Sector – in its analysis, the Group mainly took into account the impacts, risks and opportunities relating to the following sector: industry and manufacturing, including industrial production, engineering and construction, in which the Group and most undertakings in its value chain operate.
Transaction structure – when analysing the impacts, risks and opportunities associated with the transaction structure, it took into account the rules and practices applicable to its own operations as well as those at downstream and upstream value chain, covering issues such as: ethical standards and compliance with the law and human rights in the context of financial transparency and payment practices in transactions with suppliers, with particular reference to SMEs.

(all amounts in PLN thousand unless otherwise stated)

8.4.2. IRO-2 – Disclosure requirements in ESRS covered by the undertaking's sustainability statement

The table presents the disclosure requirements met in the preparation of the sustainability statement after the materiality assessment.

ESRS No.	Disclosure name	Note No.
ESRS 2 General disclosures		
	BP-1 – General basis for preparation of sustainability statements	8.1.1.
	BP-2 Disclosures in relation to specific circumstances	8.1.2.
	GOV-1 – The role of the administrative, management and supervisory bodies	8.2.1.
	GOV-2 – Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies	8.2.2.
	GOV-3 – Integration of sustainability-related performance in incentive schemes	8.2.3.
	GOV-4 – Statement on due diligence	8.2.4.
	GOV-5 – Risk management and internal controls over sustainability reporting	8.2.5.
	SBM-1 – Strategy, business model and value chain	8.3.1.
	SBM-2 – Interests and views of stakeholders	8.3.2.
	SBM-3 – Material impacts, risks and opportunities and their interaction with strategy and business model	8.3.3. | 9.2.1. | 10.1.1 | 10.2.1 |10.3.1.|10.4.1
	IRO-1 – Description of the processes to identify and assess material impacts, risks and opportunities	8.4.1.
	IRO-2 – Disclosure requirements in ESRS covered by the undertaking's sustainability statement	8.4.2.
ESRS E1 Climate change		
	E1-1 – Transition plan for climate change mitigation	9.2.2.
	E1-2 – Policies related to climate change mitigation and adaptation	9.2.3.
	E1-3 – Actions and resources in relation to climate change policies	9.2.4.
	E1-4 – Targets related to climate change mitigation and adaptation	9.2.5.
	E1-5 – Energy consumption and mix	9.2.6
	E1-6 – Gross Scopes 1, 2, 3 and Total GHG emissions	9.2.7.
	E1-7 – GHG removals and GHG mitigation projects financed through carbon credits	9.2.8.
	E1-8 – Internal carbon pricing	9.2.9.
	E1-9 – Anticipated financial effects from material physical and transition risks and potential climate-related opportunities	9.2.10.
ESRS E3 Water and marine resources		
	E3-1 – Policies related to water and marine resources	9.3.1.
	E3-2 – Actions and resources related to water and marine resources	9.3.2.

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ESRS No.	Disclosure name	Note No.
	E3-3 – Targets related to water and marine resources	9.3.3.
	E3-4 – Water consumption	9.3.4.
	E3-5 – Anticipated financial effects from water and marine resources-related impacts, risks and opportunities	9.3.5.
ESRS E5 Circular economy		
	E5-1 – Policies related to resource use and circular economy	9.4.1.
	E5-2 – Actions and resources related to resource use and circular economy	9.4.2.
	E5-3 – Targets related to resource use and circular economy	9.4.3.
	E5-4 – Resource inflows	9.4.4.
	E5-5 – Resource outflows	9.4.5.
	E5-6 – Anticipated financial effects from resource use and circular economy-related impacts, risks and opportunities	9.5.6
ESRS S1 Own workforce		
	S1-1 – Policies related to own workforce	10.1.2.
	S1-2 – Processes for engaging with own workforce and workers' representatives about impacts	10.1.3.
	S1-3 – Processes to remediate negative impacts and channels for own workforce to raise concerns	10.1.4.
	S1-4 – Taking action on material impacts on own workforce, and approaches to mitigating material risks and pursuing material opportunities related to its own workforce, and effectiveness of those actions	10.1.5.
	S1-5 – Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	10.1.6.
	S1-6 – Characteristics of the undertaking's employees	10.1.7.
	S1-7 – Characteristics of non-employees in the undertaking's own workforce	10.1.8.
	S1-13 – Training and skills development metrics	10.1.9.
	S1-14 – Health and safety metrics	10.1.10.
	S1-17 – Incidents, complaints and severe human rights impacts	10.1.11.
ESRS S2 Workers in the value chain		
	S2-1 – Policies related to value chain workers	10.2.2.
	S2-2 – Processes for engaging with value chain workers about impacts	10.2.3.
	S2-3 – Processes for remediate negative impacts and channels for value chain workers to raise concerns	10.2.4.
	S2-4 – Taking action on material impacts on value chain workers, and approaches to mitigating material risks and pursuing	10.2.5.

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ESRS No.	Disclosure name	Note No.
	material opportunities related to value chain workers, and effectiveness of those actions	
	S2-5 – Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	10.2.6.
ESRS S3 Affected Communities		
	S3-1 – Policies related to affected communities	10.3.2.
	S3-2 – Processes for engaging with affected communities about impacts	10.3.3.
	S3-3 – Processes to remediate negative impacts and channels used for affected communities to raise concerns	10.3.4.
	S3-4 – Taking action on material impacts on affected communities, and approaches to mitigating material risks and pursuing material opportunities related to affected communities, and effectiveness of those actions	10.3.5.
	S3-5 – Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	10.3.6.
ESRS S4 Consumers and end-users		
	S4-1 – Policies related to consumers and end-users	10.4.2.
	S4-2 – Processes for engaging with consumers and end-users about impacts	10.4.3.
	S4-3 – Processes to remediate negative impacts and channels for consumers and end-users to raise concerns	10.4.4.
	S4-4 – Taking action on material impacts on affected consumers and end-users, and approaches to mitigating material risks and pursuing material opportunities related to affected consumers and end-users, and effectiveness of those actions	10.4.5.
	S4-5 – Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	10.4.6.
ESRS G1 Business conduct		
	G1-1 – Corporate culture and business conduct policies	11.1.1.
	G1-2 Management of relationships with suppliers	11.1.2.

The table presents data points in cross-cutting and topical standards that derive from other EU legislation.

Disclosure requirement and related data point	Reference (note no./not applicable)	Reference to other EU regulations
ESRS 2 GOV-1 Management Board's gender diversity paragraph section 21(d)	8.2.1.	Annex I to Regulation 201/2088 and Annex II to Delegated Regulation (EU) 2020/1816

(all amounts in PLN thousand unless otherwise stated)

Disclosure requirement and related data point	Reference (note no./not applicable)	Reference to other EU regulations
ESRS 2 GOV-1 Percentage of body members who are independent section 21(e)	8.2.1.	Annex I to Regulation 201/2088 and Annex II to Delegated Regulation (EU) 2020/1816
ESRS 2 GOV-4 Statement on due diligence section 30	8.2.4.	
ESRS 2 SBM-1 Involvement in activities related to fossil fuel activities section 40(d)(i)	Irrelevant	Annex II to Delegated Regulation (EU) 2020/1818
ESRS 2 SBM-1 Participation in chemical production activities section 40(d)(ii)	Irrelevant	Annex II to Delegated Regulation (EU) 2020/1816
ESRS 2 SBM-1 Involvement in activities related to controversial weapons section 40(d)(iii)	Irrelevant	Article 12(1) of Delegated Regulation (EU) 2020/1818 (7), Annex II to Delegated Regulation (EU) 2020/1818
ESRS 2 SBM-1 Participation in tobacco cultivation and production activities section 40(d)(iv)	Irrelevant	Article 12(1) of Delegated Regulation (EU) 2020/1818, Annex II to Delegated Regulation (EU) 2020/1818
ESRS E1-1 Transformation plan to achieve climate neutrality by 2050 section 14	9.2.2.	Article 2(1) of Regulation (EU) 2021/1119
ESRS E1-1 Units excluded from the scope of the Paris Agreement-adjusted benchmarks section 16(g)	Irrelevant	Article 12(1)(d) to (g) and Article 12(2) of Delegated Regulation (EU) 2020/1818
ESRS E1-4 Greenhouse gas emission reduction targets section 34	9.2.5.	Article 6 of Delegated Regulation (EU) 2020/1818
ESRS E1-5 Energy consumption from fossil sources disaggregated by sources (only high climate impact sectors) section 38	9.2.6	
ESRS E1-5 Energy consumption and energy mix section 37	9.2.6	Annex I to Delegated Regulation (EU) 2019/2088
ESRS E1-5 Energy intensity linked to activities undertaken in sectors with significant climate impacts sections 40-43	9.2.6	
ESRS E1-6 Scope 1, 2, 3 gross greenhouse gas emissions and total greenhouse gas emissions section 44	9.2.7.	Annex I of Regulation (EU) 2019/2088 and Articles 5(1), 6 and 8(1) of Delegated Regulation (EU) 2020/1818
ESRS E1-6 Gross greenhouse gas intensity sections 53-55	9.2.7.	Annex I to Regulation (EU) 2019/2088 and Article 8(1) of Delegated Regulation (EU) 2020/1818
ESRS E1-7 Greenhouse gas removal and carbon credits section 56	Irrelevant	
ESRS E1-9 Reference portfolio exposure to climate-related physical risk section 66	Irrelevant	Annex II to Delegated Regulation (EU) 2020/1818, Annex II to Delegated Regulation (EU) 2020/1816
ESRS E1-9 Disaggregation of monetary amounts according to	Irrelevant	

Disclosure requirement and related data point	Reference (note no./not applicable)	Reference to other EU regulations
acute and permanent physical risk section 66(a)		
ESRS E1-9 Location of significant assets at material physical risk section 66(c)	Irrelevant	
ESRS E1-9 Distribution of book value of real estate by energy efficiency class section 67(c)	Irrelevant	
ESRS E1-9 Degree of portfolio exposure to climate-related opportunities section 69	Irrelevant	Annex II to Delegated Regulation (EU) 2020/1818
ESRS E2-4 Amount of each pollutant listed in Annex II of the E-PRTR Regulation (European Pollutant Release and Transfer Register) emitted to air, water and soil, section 28	Irrelevant	
ESRS E3-1 Water and marine resources section 9	9.3.1.	
ESRS E3-1 Special policy section 13	9.3.1.	
ESRS E3-1 Sustainable oceans and seas section 14	Irrelevant	
ESRS E3-4 Total water recycled and reused section 28(c)	9.3.4.	
ESRS E3-4 Total water consumption in m^3 per net revenue on own operations section 29	9.3.4.	
ESRS 2 SBM 3-E4 section 16(a)(i)	Irrelevant	
ESRS 2 SBM 3-E4 section 16(b)	Irrelevant	
ESRS 2 SBM 3-E4 section 16(c)	Irrelevant	
ESRS E4-2 Sustainable land/agriculture practices or policies section 24(b)	Irrelevant	
ESRS E4-2 Sustainable ocean/sea practices or policies section 24(c)	Irrelevant	
ESRS E4-2 Policies to counter deforestation section 24(d)	Irrelevant	
ESRS E5-5 Waste not recycled section 37(d)	9.4.5.	Annex I to Regulation (EU) 2019/2088 and Directive 2008/98/EC of 19 November 2008
ESRS E5-5 Hazardous waste and radioactive waste section 39	9.4.5.	Annex I to Regulation (EU) 2019/2088 and Directive 2008/98/EC of 19 November 2008
ESRS 2 SBM-3-S1 Risk of forced labour cases section 14(f)	10.1.1	Annex I to Delegated Regulation (EU) 2019/2088
ESRS 2 SBM-3-S1 Risk of child labour cases section 14(g)	10.1.1.	Annex I to Delegated Regulation (EU) 2019/2088
ESRS S1-1 Commitments to respect human rights policy section 20	10.1.2.	Annex I to Delegated Regulation (EU) 2019/2088
ESRS S1-1 Due diligence strategies for issues covered by ILO Core Conventions 1-8, section 21	10.1.2.	Annex II to Delegated Regulation (EU) 2020/1816
ESRS S1-1 Procedures and measures for the prevention of trafficking in persons section 22	Irrelevant	Annex I to Delegated Regulation (EU) 2019/2088

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Disclosure requirement and related data point	Reference (note no./not applicable)	Reference to other EU regulations
ESRS S1-1 Policy or management system to prevent occupational accidents section 23	10.1.2.	Annex I to Delegated Regulation (EU) 2019/2088
ESRS S1-3 Complaint handling mechanisms section 32(c)	10.1.4.	Annex I to Delegated Regulation (EU) 2019/2088
ESRS S1-14 Number of work-related deaths and number and rate of work-related accidents section 88(b) and (c)	10.1.10	Annex II to Delegated Regulation (EU) 2020/1816
S1-14 Number of days lost due to injuries, accidents, fatalities or illnesses section 88(e)	10.1.10.	Annex I to Delegated Regulation (EU) 2019/2088
ESRS S1-16 Unadjusted gender wage gap section 97(a)	Irrelevant	Annex II to Delegated Regulation (EU) 2020/1816
ESRS S1-16 Excessive remuneration of the General Director section 97(b)	Irrelevant	Annex I to Delegated Regulation (EU) 2019/2088
ESRS S1-17 Cases of discrimination section 103(a)	10.1.11.	Annex I to Delegated Regulation (EU) 2019/2088
ESRS S1-17 Failure to comply with the UN guiding principles on business and human rights and the OECD guidelines section 104(a)	10.1.11.	Annex II to Delegated Regulation (EU) 2020/1816 and Article 12(1) of Delegated Regulation (EU) 2020/1818
ESRS 2 SBM-3-S2 Significant risk of incidents of child or forced labour in the value chain section 11(b)	10.2.1.	Annex I to Delegated Regulation (EU) 2019/2088
ESRS S2-1 Commitments to respect human rights policy section 17	10.2.2.	Annex I to Delegated Regulation (EU) 2019/2088
ESRS S2-1 Policies related to male and female employees in the value chain section 18	10.2.2.	Annex I to Delegated Regulation (EU) 2019/2088
ESRS S2-1 Non-respect of UNGPs on Business and Human Rights and OECD section 19	10.2.2.	Annex II to Delegated Regulation (EU) 2020/1816 and Article 12(1) of Delegated Regulation (EU) 2020/1818
ESRS S2-1 Due diligence strategies for issues covered by ILO Core Conventions 1-8, section 19	10.2.2.	Annex II to Delegated Regulation (EU) 2020/1816
ESRS S2-4 Human rights issues and incidents related to upstream and downstream value chain section 36	10.2.5.	Annex I to Delegated Regulation (EU) 2019/2088
ESRS S3-1 Commitments to respect human rights policy, section 16	10.3.2.	Annex I to Delegated Regulation (EU) 2019/2088
ESRS S3-1 Non-compliance with the UN Guiding Principles on Business and Human Rights, ILO Principles or OECD Guidelines section 17	10.3.2.	Annex II to Delegated Regulation (EU) 2020/1816 and Article 12(1) of Delegated Regulation (EU) 2020/1818
ESRS S3-4 Human rights issues and incidents section 36	10.3.5.	Annex I to Delegated Regulation (EU) 2019/2088
ESRS S4-1 Policies related to consumers and end-users section 16	10.4.2.	Annex I to Delegated Regulation (EU) 2019/2088
ESRS S4-1 Non-respect of UNGPs on Business and Human Rights and OECD section 17	10.4.2.	Annex II to Delegated Regulation (EU) 2020/1816 and Article 12(1) of

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Disclosure requirement and related data point	Reference (note no./not applicable)	Reference to other EU regulations
		Delegated Regulation (EU) 2020/1818
ESRS S4-4 Human rights issues and incidents section 35	10.4.2.	Annex I to Delegated Regulation (EU) 2019/2088
ESRS G1-1 United Nations Convention against Corruption section 10(b)	11.1.1.	Annex I to Delegated Regulation (EU) 2019/2088
ESRS G1-1 Protection of whistleblowers section 10(d)	11.1.1.	Annex I to Delegated Regulation (EU) 2019/2088
ESRS G1-4 Fines for violations of anti-corruption and anti-bribery laws section 24(a)	Irrelevant	Annex I to Regulation (EU) 2019/2088 and Annex II to Delegated Regulation (EU) 2020/1816
ESRS G1-4 Anti-Corruption and Bribery Standards section 24(b)	Irrelevant	Annex I to Delegated Regulation (EU) 2019/2088

9. Environmental information

9.1. EU TAXONOMY

The EU Taxonomy is a classification system that sets out the criteria that economic activities must meet in terms of turnover, operating expenditure (OpEx) and capital expenditure (CapEx) in order to be considered environmentally sustainable. The idea behind the Taxonomy is to standardise the rules for assessing and understanding what can be considered a sustainable economic activity that supports the achievement of climate neutrality. The Taxonomy also aims to reduce the risk of greenwashing (pretending to be environmentally friendly) by providing clear criteria for qualifying a given type of activity. According to the taxonomy, an environmentally sustainable activity is an eligible activity that simultaneously:

- makes a significant contribution to one or more environmental objectives,
- does not seriously harm any environmental objective,
- is carried out in accordance with the Minimum Safeguards),
- meets the Technical Eligibility Criteria.
-

The six environmental objectives of the regulation are:

- mitigate climate change,
- climate change adaptation,
- sustainable use and protection of water and marine resources,
- transition to a circular economy,
- pollution prevention and control,
- protection and restoration of biodiversity and ecosystems.

The calculation of the Group's environmentally sustainable activities was carried out on the basis of applicable regulations, including in particular:

1. Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088.
2. Commission Delegated Regulation (EU) 2021/2139 of 4 June 2021 supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council by establishing technical eligibility criteria for determining the conditions under which an economic activity qualifies as making a significant contribution to climate change mitigation or adaptation, and whether that economic activity does not cause significant harm to any other environmental objective
3. Commission Delegated Regulation (EU) 2022/1214 of 9 March 2022 amending Delegated Regulation (EU) 2021/2139 as regards economic activities in certain energy sectors and Delegated Regulation (EU) 2021/2178 as regards the public disclosure of specific information in relation to those economic activities
4. Commission Delegated Regulation (EU) 2023/2485 of 27 June 2023 amending Delegated Regulation (EU) 2021/2139 establishing additional technical screening criteria for determining the conditions under which certain economic activities qualify as contributing substantially to climate change mitigation or climate change adaptation and for determining whether those activities cause no significant harm to any of the other environmental objectives.
5. Commission Delegated Regulation (EU) 2023/2486 of 27 June 2023 supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council by establishing the technical eligibility criteria for determining the conditions under which an economic activity qualifies as contributing substantially to the sustainable use and conservation of water and marine resources, to the transition to a circular economy, to the pollution prevention and control, or to the protection and restoration of biodiversity and ecosystems, and whether that economic activity causes no significant harm to any of the other environmental objectives, and amending Commission Delegated Regulation (EU) 2021/2178 as regards the public disclosure of specific information in relation to those economic activities.
6. Commission Delegated Regulation (EU) 2024/3215 of 28 June 2024 correcting certain language versions of Delegated Regulation (EU) 2021/2139 supplementing Regulation (EU) 2020/852 by establishing technical eligibility criteria for determining the conditions under which an economic activity qualifies as making a material contribution to climate change mitigation or adaptation, and for determining whether that economic activity does not cause significant harm to any of the other environmental objectives.

In accordance with the European Taxonomy regulations, a company subject to Regulation 2020/852 publishes key indicators such as:

- the percentage of turnover derived from products or services related to environmentally sustainable activities,
- percentage of capital expenditure (CapEx) corresponding to assets or processes related to environmentally sustainable activities;

- percentage of operating expenditure (OpEx) corresponding to assets or processes related to environmentally sustainable activities.

The undertaking's activities can be assigned to one of three categories:

- taxonomy-eligible activity as environmentally sustainable, as described in the delegated acts, meeting the requirements set out in Article 3 of Regulation (EU) 2020/852 of the European Parliament and of the Council,
- taxonomy-eligible activity – environmentally unsustainable, described in delegated acts, not meeting some or all of the requirements set out in Article 3 of Regulation (EU) 2020/852 of the European Parliament and of the Council,
- non-taxonomy-eligible activity, not described in the delegated acts, for which no TCC has been established.

The following section of the chapter describes the process of testing the taxonomy compliance, the accounting principles used and a detailed discussion of the three performance indicators with tables prepared in accordance with the so-called Article 8 Delegated Act, Commission Delegated Regulation (EU) 2021/2178.

Examination of taxonomy compliance

The process of examining the EU Taxonomy compliance was carried out with the participation of the Pekabex Group employees and with the support of an external consultancy company. The process was implemented in the following 4 stages:

Stage 1: Identification

Guided by the descriptions of activities in the annexes to Commission Delegated Regulation (EU) 2021/2139, Commission Delegated Regulation (EU) 2022/1214 and Commission Delegated Regulation (EU) 2023/2486. The Pekabex Capital Group reviewed its activities in terms of revenue, capital expenditure (CapEx) and operating expenditure (OpEx) in 2024 and mapped those activities that it identified as taxonomy-eligible.

Stage 2: Allocation

The corresponding revenue, capital expenditure and operating expenditure realised by the Pekabex Group in 2024 were then assigned to each activity identified as taxonomy-eligible.

Details of the allocation methods used are described in the "Accounting Principles" paragraph in this chapter of the Statement.

Stage 3: Verification

Verification of the taxonomy compliance was carried out through 2 types of study:

- Examination of compliance with the Technical Eligibility Criteria Compliance with the Technical Eligibility Criteria (TEC) set out in the Annexes to Commission Delegated Regulation (EU) 2021/2139 and Delegated Regulation 2023/2486, which outlines the activities eligible for objectives 3 - 6, was examined for selected financially material (a financial materiality threshold of PLN 100 thousand was assumed) activities. For activities that were below the materiality threshold, compliance was not examined and the associated turnover, CapEx or OpEx was considered eligible but not in line with the taxonomy. For activities above the materiality threshold, the individual criteria of material contribution and not doing serious harm were analysed and the extent to which the activity complies with the TEC was checked.
- Examination of compliance with the Minimum Safeguards Compliance with the requirements of the Minimum Safeguards was examined using the recommendations in the Final Report on Minimum Safeguards by the Platform on Sustainable Finance. The Minimum Safeguards are set out in Article 18 of Regulation 2020/852 and are based in large part on conducting due diligence processes as defined in the UN Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises. Although the Platform on Sustainable Finance report is not a piece of legislation, it is the only currently available source of interpretation on the Minimum Safeguards, issued by a body functioning under the European Commission and established under Regulation 2020/852.

The Platform on Sustainable Finance identified five prerequisites and considered that meeting at least one of these prerequisites meant non-compliance with the requirements of the Minimum Safeguards. The premises and the examination methods are described in the table below.

(all amounts in PLN thousand unless otherwise stated)

Premise	Examination
Inadequate or non-existent due diligence mechanisms for human rights, anti-corruption policy, counteracting unfair competition and tax strategy	Due diligence processes were verified through the completion of an extensive questionnaire – based on the methodology proposed by the Platform on Sustainable Finance (World Benchmark Alliance Core UNGP Indicators), by the Pekabex Capital Group (self-assessment). The analysis found that basic due diligence processes are in place at the Pekabex Group.
The company is ultimately held liable or found to be in breach of labour or human rights law in certain types of labour or human rights litigation.	The verification consisted of a review – in cooperation with those responsible for legal and financial matters – of whether there were any final convictions against the Group in the areas of human rights, corruption, fair competition behaviour and taxation. As a result of this verification, it was found that there was no information on such final judgements.
Lack of cooperation with the OECD National Contact Point (OECD NCP).	The OECD NCP reporting database was verified and showed that there were no reports in relation to the Group for the period from 01/01/2024 to 31/12/2024.
The Business and Human Rights Resource Centre (BHRRC) took up the allegation against the company and the company did not respond within 3 months.	The Business and Human Rights Resources Centre (BHRRC) reporting database was verified and showed that there were no reports against the Group in the period from 01/01/2024 to 31/12/2023.

Based on the analysis, it should be concluded that the Pekabex Capital Group has not demonstrated compliance with the requirements in all areas of minimum guarantees referred to in the EU Final Report on minimum guarantees. Deficiencies in the documentation make it impossible to confirm the Capital Group's compliance with all areas of minimum guarantees.

Stage 4: Calculation

On the basis of the information obtained in previous 3 stages, tables have been drawn up for turnover, capital expenditure and operating expenditure as required by Commission Delegated Regulation (EU) 2023/2486.
Applied accounting principles
The following principles were used to calculate the percentage of turnover, capital expenditure (CapEx) and operating expenditure (OpEx) eligible for and compliant with the taxonomy.

Turnover

With regard to turnover, the basis was the total consolidated revenue of the Pekabex Group in 2024, as disclosed in the 2024 consolidated financial statements in note 1. Revenue from activities that qualify for and at the same time comply with the taxonomy were assigned to the numerator, if any.

Capital expenditure (CapEx)

With regard to capital expenditure (CapEx), the basis was the capital expenditure recognised in individual companies of the Group, including increases in tangible fixed assets, investment property and intangible assets during a given financial year before depreciation, amortisation and any revaluations, including those resulting from revaluation and impairment, and increases in property, plant and equipment and intangible assets resulting from business combinations. The total amount of capital expenditure is presented in notes 5-8 to the consolidated financial statements for 2024. If it was not possible to allocate capital expenditure to a given activity, CapEx was classified using a distribution key based on the turnover ratio. In such cases, capital expenditure was allocated to individual activities in proportion to the share of revenue eligible for classification under those types of activities. The Capex KPI denominator also includes costs relating to the purchase of products from the economic activity in line with the taxonomy and individual measures to enable the targeted activity to become low-carbon or to enable it to reduce greenhouse gas emissions, in particular the activities listed in Annex I, point 7.6 of the Climate Delegated Act. The part of capital expenditure that relates to activities that qualify for and at the same time comply with the taxonomy has been assigned to the numerator, if any.

Operating expenditure (OpEx)

With regard to operating expenditure (OpEx), the basis was all costs used to operate the Group's assets on an ongoing basis and keep them in proper working order. These included costs such as those associated with maintaining the repair and overhaul of the Group's plant, machinery and vehicles, the costs of maintaining and renovating the Group's buildings and the costs of maintaining the software that is an asset of the Pekabex Capital Group. If it was not possible to allocate operational expenses to a given activity, OpEx was classified using a distribution key based on the turnover ratio. In such cases, operational expenses were allocated to individual activities in proportion to the share of revenue eligible for classification under those types of activities. The part of capital expenditure that relates to activities that qualify for and at the same time comply with the taxonomy has been assigned to the numerator, if any. In the case of operating expenses, all accounts in the Group's accounting system were reviewed, and then the items identified as meeting the definition of OpEx were proportionally allocated to the type of activity eligible for classification or to the set of other operating expenses (non-taxonomy eligible).

(all amounts in PLN thousand unless otherwise stated)

Other data

The data used for the calculations came from the financial and accounting system of the Pekabex Group. In the case of operating expenses, all accounts in the Group's accounting system were reviewed, and then, when items meeting the definition of OpEx were identified, they were assigned to the relevant type of taxonomy-eligible activity. The analysis showed that there was no need for a detailed disaggregation of the key performance indicators between the Group's individual operating units in accordance with section 1.2.2.3. of Annex I of Commission Delegated Regulation (EU) 2021/2178.

The Pekabex Capital Group does not carry out, finance or have exposure to the activities referred to in sections 4.26 - 4.31 of Annexes I and II of Commission Delegated Regulation (EU) 2022/1214 (activities related to the generation of energy through nuclear processes and the production of energy from gaseous fossil fuels).
Information on the extent to which the Group's activities in terms of turnover, Capex and Opex are related to nuclear energy and fossil fuels is disclosed in the tables below, in accordance with templates 1-3 of Annex XII to Commission Delegated Regulation (EU) 2022/1214.

1	The company conducts research on, develops, demonstrates and deploys innovative electricity generating systems producing energy through nuclear processes with minimal waste from the fuel cycle, finances such activity or is exposed to it.	NO
2	The company builds and safely operates new nuclear facilities for the production of electricity or process heat, including for district heating or industrial processes such as hydrogen production, and upgrades them for safety, using the best available technology, finances these activities or has exposure to them.	NO
3	The company safely operates existing nuclear facilities generating electricity or process heat, including for district heating or industrial processes such as production of hydrogen from nuclear energy, and upgrades them for safety, finances these activities or has exposure to them.	NO
Natural gas activities		
4	The company builds or operates a system for the generation of electricity using gaseous fossil fuels, finances these activities or has exposure to them.	NO
5	The company builds, upgrades and operates a system for the combined generation of heat/cooling and electricity using gaseous fossil fuels, finances these activities or has exposure to them.	NO
6	The company builds, upgrades and operates thermal/cooling cogeneration systems using gaseous fossil fuels, finances these activities or has exposure to them.	NO

The Pekabex Capital Group generates revenue from several business segments, as classified in Annexes I and II to the Delegated Act on climate (Commission Delegated Regulation (EU) 2021/2139) and Delegated Regulation 2023/2486, which sets out activities eligible for objectives 3 to 6. In 2024, the Group's consolidated revenue amounted to PLN 1,728,162 thousand. The main items of revenue from activities eligible for taxonomy in 2024 were:

- Revenue from the execution of contracts under the general contracting formula and from the manufacture, sale and assembly of prefabricated elements for the construction of new buildings, which qualify for systematisation as turnover related to CCM 7.1. activity. CE 3.1 Construction of new buildings, in the amount of PLN 1,465,022 thousand.
- Revenue from the production and sales of walls with windows, which qualify for taxation as turnover related to CCM 3.5. activity. Production of equipment to improve the energy efficiency of buildings amounting to PLN 13,104 thousand.
- Revenue from the production and sale of prefabricated concrete elements for the construction of a railway tunnel qualifies for classification as turnover related to CE 3.5 activities. The use of concrete in civil engineering amounted to PLN 4,873 thousand.
- Revenue from the rental of space, which qualifies for classification as turnover related to CCM 7.7 activity: Acquisition and ownership of buildings, in the amount of PLN 2,275 thousand.

The Group does not report any turnover from environmentally sustainable activities (taxonomy-compliant) for 2024 for which compliance with the Technical Qualification Criteria has been confirmed.

In 2024, the Group generated PLN 242,888 thousand in revenue from non-taxonomy eligible activities (14.05% of total revenue from sales), i.e. activities for which the regulator has not established the Technical Qualification Criteria in the annexes to the delegated act. This revenue was mainly derived from the execution of delivery contracts.

In 2024, the Group's capital expenditure amounted to PLN 26,014 thousand. Taxonomy-eligible capital expenditure (CapEx) is related to the implementation of the investment plans adopted by the Group's Management Board amounted to PLN 22,671 thousand. Capital expenditure was primarily incurred on:

- Capital expenditure in the amount of PLN 19,586 thousand was spent on new equipment and machinery required for the production of prefabricated products, which in turn generates revenue from CCM 7.1. activity. CE 3.1 Construction of new buildings
- and as part of CCM 3.5 activities. Manufacture of equipment to improve the energy efficiency of buildings. Based on the analysis carried out, capital expenditure within the scope of activities compliant with the taxonomy amounted to PLN 175 thousand
- CCM 7.6 Installation, maintenance and repair of renewable energy technology systems. Capital expenditure in the amount of PLN 1,656 thousand was spent on the purchase of photovoltaic panels.
- CCM 7.2 Renovation of existing buildings – capital expenditure of PLN 1,253 thousand was allocated to the modernisation and renovation of buildings in which the Group conducts its production activities.

The Group does not report any capital expenditure related to environmentally sustainable activities (taxonomy-compliant) in 2024.
In 2024, the Group incurred PLN 3,343 thousand in capital expenditure related to non-taxonomy eligible activities (12.85% of total capital expenditure), i.e. those for which the regulator has not established the Technical Eligibility Criteria in the annexes to the delegated act.
Taxonomy-eligible operating expenditure (OpEx) is related to the maintenance in proper condition of the Group's assets used to carry out taxonomy-eligible activities. In 2024, the Pekabex Group's operating expenditure amounted to PLN 49,418 thousand. Operating expenditure was incurred primarily for the maintenance of the machinery and specialised equipment required for CCM 7.1. activity. CE 3.1 Construction of new buildings The share of operating expenditure related to taxonomy-eligible activity was 85.66%. In addition, the Group has incurred operating expenditure in the amount of PLN 7,086 thousand for non-taxonomy-eligible activities in 2024.

The Group does not disclose operating expenses related to environmentally sustainable activities (taxonomy-compliant) in 2024.

Table 1: Percentage of taxonomy-eligible turnover

				Criteria for material contribution						Criteria for the “no serious harm” principle									
Economic activity	Code or codes	Turnover (absolute value)	Part of turnover	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Minimum safeguards	Percentage of taxonomy-compliant turnover, year 2023	Category (supporting activities or)	Category (transition activities)
		PLN thousand	%	T;N;N/EL	T;N;N/EL	T;N;N/EL	T;N;N/EL	T;N;N/EL	T;N;N/EL	T;N	T;N	T;N	T;N	T;N	T;N	T;N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITY																			
A.1. Environmentally sustainable activity (taxonomy-compliant)																			
Construction of new buildings	CCM 7.1 | |CE 3.1	0.00	0%	-	-	-	-	-	-	-	-	-	-	-	-	-	24.10%		
Turnover from environmentally sustainable activity (Taxonomy-compliant) (A.1)		0.00	0%	-	-	-	-	-	-	-	-	-	-	-	-	-	24.10%		
including supporting		0.00	0%	-	-	-	-	-	-	-	-	-	-	-	-	-	0%		
including for transition		0.00	0%	-	-	-	-	-	-	-	-	-	-	-	-	-	0%		
A.2. Taxonomy-eligible environmentally unsustainable activity (non-taxonomy-compliant activity)																			
		PLN thousand	%	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL										
Manufacture of equipment to improve the energy efficiency of buildings	CCM 3.5	13,104	0.76%	EL	N/EL	N/EL	N/EL	N/EL	N/EL										
Use of concrete in civil engineering	CE 3.5	4,873	0.28%	N/EL	N/EL	N/EL	EL	N/EL	N/EL										
Construction of new buildings	**CCM 7.1** | |CE 3.1	1,465,022	84.77%	EL	N/EL	N/EL	EL	N/EL	N/EL										
Acquisition and ownership of buildings	CCM 7.7	2,275	0.13%	EL	N/EL	N/EL	N/EL	N/EL	N/EL										
Turnover on account of Taxonomy-eligible but environmentally unsustainable activity (non-taxonomy-compliant activity) (A.2)		1,485,274	85.95%	85.66%	0.00%	0.00%	0.28%	0.00%	0.00%								57.2%	n/a	
Total (A.1.+A.2.)		1,485,274	85.95%														81.3%	n/a	
B. NON-TAXONOMY-ELIGIBLE ACTIVITY																			
Turnover from non-taxonomy eligible activity (B)		242,888	14.05%																
Total (A+B)		1,728,162	100%																

(all amounts in PLN thousand unless otherwise stated)

	Taxonomy compliance by objective	Taxonomy eligibility by objective
CCM	0.00%	84.77%
CCA	0.00%	0.00%
WTR	0.00%	0.00%
CE	0.00%	0.00%
PPC	0.00%	0.00%
BIO	0.00%	0.00%

Table 2: Percentage of capital expenditure according to taxonomy

				Criteria for material contribution						Criteria for the “no serious harm” principle									
Economic activity	Code or codes	Capital expenditure (absolute value)	Part of expenditure	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Minimum safeguards	Percentage of taxonomy-eligible capital expenditure, year 2023	Category (supporting activities)	Category (transition activities)
		PLN thousand	%	T;N;N/EL	T;N;N/EL	T;N;N/EL	T;N;N/EL	T;N;N/EL	T;N;N/EL	T;N;N/EL	T;N;N/EL	T;N;N/EL	T;N;N/EL	T;N;N/EL	T;N;N/EL	T;N;N/EL	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITY																			
A.1. Environmentally sustainable activity (taxonomy-compliant)																			
Construction of new buildings	CCM 7.1. |CE 3.1	0.00	0%	-	-	-	-	-	-	-	-	-	-	-	-	-	24.10%		
Installation, maintenance and repair of renewable energy technology systems	CCM 7.6	0.00	0%	-	-	-	-	-	-	-	-	-	-	-	-	-	5.1%	E	
Investment expenditures for environmentally sustainable activities (taxonomy-eligible) (A.1)		0.00	0%	-	-	-	-	-	-	-	-	-	-	-	-	-	29.2%		
including supporting		0.00	0%	-	-	-	-	-	-	-	-	-	-	-	-	-	0%		
including for transition		0.00	0%	-	-	-	-	-	-	-	-	-	-	-	-	-	5.1%	E	
A.2. Taxonomy-eligible environmentally unsustainable activity (on-taxonomy-compliant activity)																			
		PLN thousand	%	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL										
Manufacture of equipment to improve the energy efficiency of buildings	CCM 3.5	175	0.67%	EL	N/EL	N/EL	N/EL	N/EL	N/EL										
Construction of new buildings	**CCM 7.1.** |CE 3.1	19,586	75.29%	EL	N/EL	N/EL	EL	N/EL	N/EL										
Installation, maintenance and repair of renewable energy technology systems	CCM 7.6	1,656	6.37%	EL	N/EL	N/EL	N/EL	N/EL	N/EL										
Renovation of existing buildings	**CCM 7.2**	1,253	4.82%	EL	N/EL	N/EL	N/EL	N/EL	N/EL										
Capital expenditure for taxonomy-eligible environmentally unsustainable activity (non-taxonomy-compliant activity) (A.2)		22,671	87.15%	87.00%	0%	0%	0%	0%	0%								52.1%	n/a	
Total (A.1.+A.2.)		22,671	87.15%														81.3%	n/a	
B. NON-TAXONOMY-ELIGIBLE ACTIVITY																			
Capital expenditure for non-taxonomy-eligible activities (B)		3,343	12.85%																
Total (A+B)		26014	100%																

(all amounts in PLN thousand unless otherwise stated)

	Taxonomy compliance by objective	Taxonomy eligibility by objective
CCM	0.00%	75.29%
CCA	0.00%	0.00%
WTR	0.00%	0.00%
CE	0.00%	0.00%
PPC	0.00%	0.00%
BIO	0.00%	0.00%

Table 3: Percentage of taxonomy-compliant operating expenditure

				Criteria for material contribution						Criteria for the "no serious harm" principle									
Economic activity	Code or codes	Operating expenses (absolute value)	Part of expenses	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Minimum safeguards	Percentage of taxonomy-compliant operating expenditure, year 2023	Category (supporting activities or)	Category (transition activities)
		PLN thousand	%	T;N;N/EL	T;N;N/EL	T;N;N/EL	T;N;N/EL	T;N;N/EL	T;N;N/EL	T;N;N/EL	T;N;N/EL	T;N;N/EL	T;N;N/EL	T;N;N/EL	T;N;N/EL	T;N;N/EL	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITY																			
A.1. Environmentally sustainable activity (taxonomy-compliant)																			
Construction of new buildings	CCM 7.1. | CE 3.1	0.00	0%	-	-	-	-	-	-	-	-	-	-	-	-	-	24.10%		
Operating expenditure for environmentally sustainable activity (taxonomy-compliant) (A.1)		0.00	0%	-	-	-	-	-	-	-	-	-	-	-	-	-	24.10%		
including supporting		0.00	0%	-	-	-	-	-	-	-	-	-	-	-	-	-	0%		
including for transition		0.00	0%	-	-	-	-	-	-	-	-	-	-	-	-	-	0%		
A.2. Taxonomy-eligible environmentally unsustainable activity (on-taxonomy-compliant activity)																			
		PLN thousand	%	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL										
Manufacture of equipment to improve the energy efficiency of buildings	CCM 3.5	376	0.76%	EL	N/EL	N/EL	N/EL	N/EL	N/EL										
Construction of new buildings	CCM 7.1. | |CE 3.1	41,891	84.77%	EL	N/EL	N/EL	EL	N/EL	N/EL										
Acquisition and ownership of buildings	CCM 7.7	64	0.13%	EL	N/EL	N/EL	N/EL	N/EL	N/EL										
Operating expenditure from Taxonomy-eligible but environmentally unsustainable activity (non-taxonomy-compliant activity) (A.2)		42,331	85.66%	85.66%	0.00%	0.00%	0.00%	0.00%	0.00%								52.2%	n/a	
Total (A.1.+A.2.)		42,331	85.66%														81.3%	n/a	
B. NON-TAXONOMY-ELIGIBLE ACTIVITY																			
Operating expenditure on non-taxonomy-eligible activity (B)		7,086	14.34%																
Total (A+B)		49,418	100%																

(all amounts in PLN thousand unless otherwise stated)

	Taxonomy compliance by objective	Taxonomy eligibility by objective
CCM	0.00%	84.77%
CCA	0.00%	0.00%
WTR	0.00%	0.00%
CE	0.00%	0.00%
PPC	0.00%	0.00%
BIO	0.00%	0.00%

(all amounts in PLN thousand unless otherwise stated)

9.2. E1 CLIMATE CHANGE

9.2.1. ESRS 2 SBM-3 – Material impacts, risks and opportunities and their interaction with strategy and business model

The Group analysed significant climate-related risks in terms of identifying the type of risk, whether it is a physical climate-related risk or a climate transition risk. No significant physical risks were identified. The conclusions of the analysis are summarised in the table below.

ESRS issue	Issue identified in the materiality assessment	Brief description of the risk	Type of risk	Comment
E1 Climate change	Climate change mitigation	Difficulties related to the availability of low-carbon technologies in the supply chain.	transition	Risks arise from changes in regulation, technology and market trends.
	Climate change mitigation	Changes in customer expectations regarding construction technologies.	transition	Risk arising from changing customer preferences towards competitive sustainable construction solutions.
	Climate change mitigation	Increase in CO_2 emission allowance prices for cement and steel production.	transition	Risks arising from tightening EU climate policy.
E1 Climate change	Energy	Increase in the cost of raw materials due to changes in the cost of energy carriers.	transition	Risk arising from an increase in raw material prices as a result of the energy transformation of the economy.

The resilience analysis covered all key elements of the Pekabex Group's business model. Both physical risks (e.g. extreme weather events, supply disruptions) and transition risks (e.g. decarbonisation regulations, changes in customer preferences, emission costs) were taken into account. The analysis was conducted based on climate scenarios developed by: International Energy Agency (IEA): Net Zero Emissions by 2050 Scenario (NZE2050) and Sustainable Development Scenario (SDS), and the Network for Greening the Financial System (NGFS): Net Zero 2050 and Delayed Transition.

As part of its analysis of exposure to physical risks related to climate change, the Group conducted a scenario assessment using the Klimada 2.0, Copernicus Emergency Management and DWD Klimaatlas tools. The analysis covered all locations of operations and was conducted based on the high emission scenario RCP 8.5 for the decade 2021-2030. Among others, the risks of drought, heat waves, floods, cold spells, water shortages and fires were verified. The assessment was carried out at the county or point level (depending on the tool) and took into account locations adjacent to Natura 2000 areas. The results provide a basis for identifying particularly vulnerable locations and planning adaptation measures.

The resilience analysis was carried out during the double materiality analysis process by the Sustainability Committee and experts, with the participation of internal experts from various departments and external experts.
The results of the business model resilience analysis showed that the Pekabex Group's strategy exhibits moderate resilience in the IEA and NGFS scenarios, provided that further investments in sustainable development are made. Key adaptation measures should include: increasing energy efficiency, developing low-carbon products and sustainable solutions, implementing monitoring and data collection systems in the value chain, and actively managing sustainability risks.

9.2.2. E1-1 Transition plan for climate change mitigation

The Group does not present a transition plan in its 2024 Statement. The Group plans to adopt and disclose a transition plan within the next 3 years.

9.2.3. E1-2 Policies related to climate change mitigation and adaptation

In 2022, the Group adopted a Climate Policy that defines objectives and identifies actions in the area of climate risk management related to climate change mitigation and energy, as well as opportunities related to the provision of lower-emission solutions and the minimisation of negative impacts resulting from the construction sector's activities. The document refers to:

- The implementation of innovative solutions aimed at reducing direct emissions, both
- for the organisation and the product.
- Introduction of products or services related to activities contributing to climate change mitigation or adaptation through, among other things, the use of low-carbon production materials.
- Modernisation of the car fleet – development of electromobility.
- Continuously improving energy efficiency to reduce or not increase fuel and energy consumption, but also increasing the share of renewable energy in total energy consumption.
- Investing in our own green renewable energy sources – installation of photovoltaic panels on the Group's production sites.

The above Policy covers the Group's upstream and downstream value chain and is consistent with the results of the double materiality analysis. The Pekabex Group's Management Board is responsible for its implementation.
The Group's adopted Climate Policy does not identify specific indicators for verifying progress in achieving the adopted objectives, but the Group is working on detailing and establishing metrics. The Climate Policy is available on the Group's website.

9.2.4. E1-3 Actions and resources in relation to climate change policies

The Pekabex Group is taking measures to minimise its negative impact on the environment and reduce the organisation's carbon footprint.
In order to mitigate the negative impacts associated with the use of conventional energy sources in production, the following measures were taken in 2024, resulting in a reduction in greenhouse gas emissions in Scope 2:

- Operation of commissioned solar panels in 2024 – applies to the Group's locations in Poznań and Gdańsk.
- Investing in further renewable energy sources – installation of solar panels on the roofs of the Group's production plants, commencement of investment in Mszczonów. The investment is planned to be completed by the end of 2025.
- Maintenance and certification by an external entity of the environmental management system in accordance with the ISO 14001 standard.

In order to mitigate the negative impacts associated with the intensity of emissions in the scope of the Group's production plants' operations, the following measures were taken in 2024 to increase energy efficiency and reduce greenhouse gas emissions in Scopes 1 and 2:

- Gradual replacement of existing lighting with LED lighting.
- Heat recovery by using warm air from compressors to heat the hall, heating aggregates with heat from the technological process, or using insulated production tables to reduce heat loss.
- Changing the method of heating production halls by using fuel with lower emissions.

In order to mitigate the negative impacts associated with emission intensity in Scope 3:

- Introducing products and services that contribute to mitigating the effects of climate change, including the use of low-emission materials in production.

In order to mitigate the negative impacts associated with the lack of sufficient technological solutions for reducing emissions from the production of building materials, in 2024, research and development work continued in selected areas related to climate protection, and further pilot projects were launched.
In order to mitigate the risk associated with potential changes in customer expectations regarding construction technologies, in 2024 the Group participated in the creation of a database of low-carbon materials used in both the production and construction processes, based on suppliers' EPDs. Additionally, as a member of the PLGBC Association, Pekabex is co-founding the international project FOCA – (Free of Carbon Architecture), which aims to support the construction sector in estimating the carbon footprint of buildings by developing and providing, free of charge, a tool that will be a central database of simplified environmental data, covering construction materials and products available on the Polish market.
In order to take advantage of the opportunities associated with the use of low-emission technology, the Group has adapted its market offer by creating the "Pekabex Group Green Standards", which include information on the use of, among other things, low-emission cement.
In order to take advantage of the opportunities associated with offering prefabricated products for roof structures that increase resistance to severe weather events in 2024, the Group is constantly conducting research on the development and improvement of the properties of concrete prefabrication technology. Moreover, the Group modernises the existing machinery and equipment and purchases modern equipment for the production of prefabricated elements.

The Group's investment decisions are analysed in terms of their potential impact on the environment, which enables control over the implementation of the Group's Climate Policy objectives.
The Group has not described the results of the above activities in terms of achieved or expected greenhouse gas emission reductions in quantitative terms. This is due to the fact that a methodology for calculating the emission reductions resulting from the described operational activities has not yet been implemented. A systematic approach to measurement, verification and reporting is being developed. 2024 will be the base year for the Group.
The results of the Group's climate change mitigation activities are as follows:

- reduction of electricity consumption in production (replacement of LED lighting),
- reduction of heat loss through the modernisation of production tables and energy recovery from technological processes – improvement of energy self-sufficiency in specific areas,
- reducing the demand for fossil fuels (switching to lower-emission fuels),
- diversification of energy sources (energy from own renewable energy sources),
- response to the growing demands of customers and investors in the field of sustainable construction – development of the "Pekabex Group Green Standards".
- increasing the Group's resilience to regulatory risks related to the use of high-emission materials – creation and development of low-emission material databases (based on EPD declarations) and involvement in the international FOCA (Free of Carbon Architecture) project.

Investments in modern machinery increase the precision, efficiency and quality of production, which also translates into a reduction in material losses (and indirectly – emissions).
The costs of implementing these measures are planned on an annual basis during the budgeting process for individual departments within the Group's companies. Expenditure on activities related to sustainable development is described in ESRS 2 SBM-1. Capital expenditure incurred in the reporting year in connection with the implementation of the measures taken relates to the installation of solar panels at two of the Group's production plants in Gdańsk. The total amount of expenditure incurred was PLN 1,656 thousand. Additionally, in 2024, the Group incurred capital expenditure in connection with the expansion of the installation at the production plant in Mszczonów in the amount of PLN 1,142 thousand, however, this investment has not yet been completed. In the reporting year, the Group did not allocate significant amounts of operating expenses to activities related to climate change mitigation and adaptation.
The implementation of the planned activities for the coming years is not significantly dependent on the availability and allocation of resources, as it does not involve the need to incur significant expenditure, the implementation of which would depend on the availability of financing.

9.2.5. E1-4 Targets related to climate change mitigation and adaptation

The Pekabex Group has not set any climate change mitigation and adaptation targets that meet the ESRS requirements by the end of 2024 due to a lack of adequate resources.
However, as part of the ISO 14001 environmental management system, the Group monitors the effectiveness of its policies and actions by setting its own targets that relate to identified material impacts, risks and opportunities.
In accordance with the established plan, the Group continues to invest in photovoltaic panels on the roofs of its production plants, thus contributing to the reduction of its carbon footprint through independent electricity production and achieving the intended environmental effect of balancing CO_2 emissions.
Targets for the construction of photovoltaic farms in 2024:

- Completion of the construction phase of the photovoltaic panel installation project at the Group's location in Gdańsk 500 kWp – the objective achieved.

In the coming years, the Group plans to continue investing in photovoltaic panels and connecting its PV installations to the grid. The Group will monitor the negative impact on the environment by analysing the share of renewable energy sources in its energy mix.

9.2.6 E1-5 Energy consumption and energy mix

The Group operates in sectors with a significant impact on the climate, i.e. manufacture of concrete construction products (NACE: 23.61) and construction works related to erection of residential and non-residential buildings (NACE: 41.2), which are listed in sections A–H and L of Annex I to Regulation (EC) No 1893/2006 of the European Parliament and of the Council18 (as defined in Commission Delegated Regulation (EU) 2022/1288.
Energy consumption measurement (meter) was based on data from direct readings from verified energy meters, subject to periodic certification, and on consumption records from cost invoices.

The table below presents data on energy consumption in 2024 in the Pekabex Group.

Total energy consumption in the Pekabex Group by source	**Unit**	**2024**
Consumption of fuel from coal and coal products	MWh	-
Consumption of fuel from crude oil and petroleum products	MWh	15,319.89
Natural gas fuel consumption	MWh	2,798.53
Other fossil sources fuel consumption	MWh	-
Consumption of purchased or procured electricity, heat, steam and cooling from fossil sources	MWh	8,968.71
Total fossil energy consumption	**MWh**	**27,087.13**
Share of fossil sources in total energy consumption	%	97.82
Nuclear source energy consumption	MWh	-
Share of energy from nuclear sources in total energy consumption	%	-
Consumption of fuel from renewable sources, including biomass (also including industrial and municipal bio-waste, biogas, renewable hydrogen, etc.)	MWh	-
Consumption of purchased or procured electricity, heat, steam and cooling from renewable sources	MWh	-
Consumption of renewable energy produced without the use of fuel	MWh	602.46
Total renewable energy consumption	MWh	602.46
Share of renewable sources in total energy consumption	%	2.18
Total energy consumption	**MWh**	**27,689.59**
Energy intensity based on net revenue	**MWh/PLN million**	**16.02**

9.2.7. E1-6 Gross Scopes 1, 2, 3 and Total GHG emissions

The greenhouse gas emissions inventory for Scope 1, 2 and 3 of carbon footprint for 2024 was determined based on the GHG Protocol guidelines. Detailed information on the calculation method used is presented in the “Calculation standard” section.

Greenhouse gas emissions reporting boundaries	**Parent company and related entities**
Scope of greenhouse gas emissions reporting	Scope 1 Scope 2 (Market-Based) Scope 2 (Location-Based) Scope 3
Calculation standard	Emissions were calculated using tools based on the GHG Protocol methodology (https://ghgprotocol.org/calculation-tools-and-guidance). The calculations cover seven greenhouse gases (CO_2, CH_4, N_2O, HFCs, PFCs, SF_6, NF_3) in accordance with GHG guidelines. Emission values are expressed in metric tonnes of carbon dioxide equivalent ($MgCO_2e$).

A summary of Scope 1, 2 and 3 carbon footprint emissions for the Pekabex Group is presented in the table below.

Area	**Year reported**	**CO_2 emissions [$MgCO_2e$]**
Scope 1	2024	4,354.70
Scope 2 (Market-Based)	2024	6,454.64
Scope 2 (Location-Based)	2024	4,652.06
Scope 3	2024	167,657.38
Sum of emissions Scope 1, 2, 3 (Market-Based)	2024	178,466.72
Sum of emissions Scope 1, 2, 3 (Location-Based)	2024	176,664.14

(all amounts in PLN thousand unless otherwise stated)

The table below presents the emissions determined in Scope 3 carbon footprint for 2024 in the Pekabex Group, broken down into individual categories.

Category number	Category description	CO_2 emissions [$MgCO_2e$]	Category share [%]
Upstream emissions			
Category 1	Purchased goods and services	120,437.61	71.84
Category 2	Capital goods	3,884.95	2.32
Category 3	Fuel and energy activities (not included in Scope 1 or 2)	1,993.65	1.19
Category 4	Upstream transport and distribution	8,439.17	5.03
Category 5	Waste from operations	62.34	0.04
Category 6	Business travel	198.99	0.12
Category 7	Staff commuting	4,289.96	2.56
Category 8	Upstream leased and rented assets	1,247.63	0.74
Downstream emissions			
Category 9	Downstream transport and distribution	-	-
Category 10	Processing of sold semi-finished products	-	-
Category 11	Usage of products sold	26,038.93	15.53
Category 12	End-of-life treatment of products	936.11	0.56
Category 13	Downstream leased and rented assets	128.03	0.08
Category 14	Franchises	-	-
Category 15	Investments	-	-
TOTAL		167,657.38	100.00

Inventory process

In order to calculate greenhouse gas emissions in the organisation, an analysis was carried out, comprising the following stages:

1. Identification of emission sources – First, the areas of the organisation's activities that may generate emissions were identified. The analysis allowed individual activities to be assigned to appropriate categories and reporting scopes in accordance with the GHG Protocol methodology. The weight of individual data was also assessed to ensure the reliability of the final results.
2. Gathering key information – Next, data on fuel and energy consumption and other factors affecting greenhouse gas emissions were collected. This information served as the basis for further analysis.
3. Selection of appropriate emission factors – In order to determine the level of emissions, appropriate emission factors were applied to the specific types of resources consumed. This allowed for a precise determination of the impact of individual factors on the organisation's total carbon footprint.
4. Calculations and analysis of results – Once the key values had been determined, calculations were made to determine the total level of greenhouse gas emissions in the organisation. The analysis included data from 2024 to reflect the actual impact of the organisation's activities on the environment.
5. Summary and report preparation – The results of the inventory were compiled in a final report prepared in accordance with international guidelines. This document contains detailed information on the structure of emissions and the interpretation of calculations, and serves as a starting point for further actions aimed at reducing the organisation's carbon footprint.

Limits of operational control

The statement is carried out as part of the Pekabex Group, in which the parent company is Poznańska Korporacja Budowlana Pekabex S.A. and consolidated subsidiaries.

Pekabex operates in European countries (mainly Poland and Germany, where its production plants are located), and the statement covers all of the company's facilities.

Measures used

The measurement of fuel consumption used in the Group's operating activities, which forms the basis for calculating GHG emissions in Scope 1, was carried out on the basis of data from purchase invoices. The invoice data used to calculate emissions in Scope 1 is not directly approved by an independent external body. However, as these invoices are issued by certified and licensed fuel and gas suppliers operating in accordance with national regulations (e.g. URE) and subject to fiscal and energy supervision.

The measurement of electricity consumption in Scope 2 is based on data from invoices issued by distribution system operators (DSOs) and electricity suppliers. These invoices are based on actual readings from electricity meters, which are certified devices and comply with applicable laws (including the Energy Law).

The data used to calculate Scope 3 emissions are not currently validated by an external body other than the certification service provider. Emissions are calculated based on recognised databases (e.g. Ecoinvent, EPD), the GHG Protocol methodology and internal operational estimates, which are subject to internal verification.

Emission factors used

To estimate the organisation's greenhouse gas emissions, emission factors from recognised and widely used sources were used. The selection of this data was based on its reliability and compliance with international reporting standards.

Scope 1 emissions was calculated based on emission intensity factors for individual fuels, using the DEFRA UK Government GHG Conversion Factors for Company Reporting (2024 version) database.

Scope 2 emissions was calculated:

- in the case of the market-based approach, using the Residual mix emission factor, based on Residual Mixes and European Attribute Mix of 2023. The use of the Residual mix factor is due to the fact that energy sellers did not provide data on the amount of renewable energy sold in the form of certificates;
- in the case of the location-based approach, using the emission factor for purchased electricity and heat (district heating) according to the national factor published by KOBIZE and URE (2023 version).

Scope 3 emissions was estimated based on indicators from the following sources: Supply Chain Greenhouse Gas Emission Factors v1.3 by NAICS-6; U.S. EPA Office of Research and Development (ORD) (updated on 10 July 2024); DEFRA UK Government GHG Conversion Factors for Company Reporting (version 2,024); GILA Emission Intensity Factors for Logistics Hubs (version 2,023) and highly cited scientific publications.

To ensure the highest quality of calculations, a combination of different databases was used, as no single source covered the full range of required information. The emission factor selection process included a detailed verification of their timeliness and consistency, and any discrepancies were taken into account during the analysis to increase the accuracy of the results.

Detailed information on the calculation of Scope 3 emissions

In order to apply the US greenhouse gas emission factors expressed in kg CO_2e per US dollar from 2022, the economic values given in PLN from 2024 were converted retrospectively, taking into account inflation rates:

- First, the value for 2023 was converted, taking into account inflation of 3.60%.
- Then it was adjusted to 2022 using an inflation rate of 11.40%.
- After obtaining the value in PLN corresponding to 2022, it was converted to USD 2022 at an average exchange rate of PLN/USD 4.408.
- Scope 3 greenhouse gas emissions is not measured using input data obtained from suppliers or other partners in the value chain.

Data sources:
Inflation in Poland 2023: GUS (11.40%)
Inflation in Poland 2024: GUS (3.60%)
USD exchange rate 2022: NBP (PLN/USD 4.408)

Category	Assumptions regarding methodology
Upstream emissions	
1. Purchased goods and services	Emissions were calculated based on the economic value of the products, using appropriate CO_2e emission factors for the economic value. For some items in the list for which no factors were identified, emissions were calculated proportionally. However, components of prefabricated products were excluded from this approach and their emissions were calculated based on the weight of the products, using the CO_2e emission factors contained in the EPDs of the prefabricated products. Emissions from water consumption were calculated based on consumption in m^3, using the appropriate CO_2e emission factors per volume. The amount used for the production of prefabricated elements was excluded from the water consumption values. Emissions were estimated based on indicators from the following sources: Supply Chain Greenhouse Gas Emission Factors v1.3 by NAICS-6; U.S. EPA Office of Research and

(all amounts in PLN thousand unless otherwise stated)

Category	Assumptions regarding methodology
	Development (ORD) (updated 10 July 2024); DEFRA UK Government GHG Conversion Factors for Company Reporting (2024 version); EPD documentation.
2. Capital goods	Emissions were calculated based on the economic value of assets purchased, using the appropriate CO_2e emission factors per unit. Emissions were estimated based on indicators from the following sources: Supply Chain Greenhouse Gas Emission Factors v1.3 by NAICS-6; U.S. EPA Office of Research and Development (ORD) (updated on 10 July 2024).
3. Fuel and energy activities (not included in Scope 1 or 2)	Calculation of emissions from missions related to the purchase of electricity, district heating, diesel, petrol and LPG using appropriate CO_2e emission factors per unit. The data on the quantities of individual energy carriers were actual data derived, among other things, from cost invoices or internal statements. Emissions were estimated based on indicators from the following sources: DEFRA UK Government GHG Conversion Factors for Company Reporting (2024 version) and KOBIZE indicators.
4. Upstream transport and distribution	Emissions were calculated based on the economic value of transport services, using CO_2e emission factors per unit. Emissions were estimated based on indicators from the following sources: Supply Chain Greenhouse Gas Emission Factors v1.3 by NAICS-6; U.S. EPA Office of Research and Development (ORD) (updated on 10 July 2024).
5. Waste from operations	Emissions were calculated based on the weight of waste obtained, using the appropriate CO_2e emission factors per unit. The data used was prepared on the basis of Waste Transfer Cards, then Waste Record Cards drawn up on this basis, and internal statements. Emissions were estimated based on indicators from the following sources: DEFRA UK Government GHG Conversion Factors for Company Reporting (2024 version).
6. Business travel	Emissions were calculated based on the economic value of the item from the accounting statement, using the appropriate CO_2e factor per unit. Emissions were estimated based on indicators from the following sources: Supply Chain Greenhouse Gas Emission Factors v1.3 by NAICS-6; U.S. EPA Office of Research and Development (ORD) (updated on 10 July 2024).
7. Staff commuting	Emissions were estimated based on the distance between the place of residence and the place of work, the assumed share of individual means of transport used, and the application of appropriate CO_2e factors per unit. Emissions were determined on the basis of actual data, i.e. the place of residence of employees and the place of work. This data was obtained from the Group's IT system. Emissions were estimated based on indicators from the following sources: DEFRA UK Government GHG Conversion Factors for Company Reporting (2024 version).
8. Upstream leased and rented assets	Emissions were calculated based on the economic value of leased machinery, equipment, vehicles and containers, using the appropriate CO_2 emission factors per unit. Emissions were estimated based on indicators from the following sources: Supply Chain Greenhouse Gas Emission Factors v1.3 by NAICS-6; U.S. EPA Office of Research and Development (ORD) (updated on 10 July 2024).
Downstream emissions	
9. Downstream transport and distribution	Due to the immateriality of the category, emissions associated with it have not been calculated.
10. Processing of sold semi-finished products	Due to the immateriality of the category, emissions associated with it have not been calculated.
11. Usage of products sold	Emissions were calculated based on the floor area of residential buildings constructed and sold by the organisation, using appropriate CO_2e factors per unit, derived from the energy performance certificates of the buildings and the organisation's own methodology.
12. End-of-life treatment of products	Emissions were calculated based on the actual weight of prefabricated elements sold (data from the Group's IT system) and CO_2e factors per unit contained in the EPDs for individual types of prefabricated elements (C1-C4). Emissions were estimated based on factors from the EPD documentation.
13. Downstream leased and rented assets	Emissions were calculated based on the area leased from the organisation using the appropriate CO_2e factors per unit.
14. Franchises	Not applicable
15. Investments	Not applicable

Designated emissions

Due to the vertical integration of its operations and the specific nature of its business model, the Group aggregates information on its greenhouse gas emissions. Attributing emissions to individual subsidiaries, business segments or geographical areas of operation would be artificial and would not reflect the operational reality. From an emissions management perspective, total emissions and their reduction across the entire Group are key for the Group, rather than individual emissions. Therefore, the Group focuses on global decarbonisation targets.
In the reporting year, the Group did not identify any biogenic emissions from the combustion or biodegradation of biomass.

The table below presents the determined greenhouse gas emissions in Scopes 1, 2 and 3.

Area	**01/01/2024 - 31/12/2024 (base year)**
Scope 1 greenhouse gas emissions	
Scope 1 gross greenhouse gas emissions [$MgCO_2e$]	4,354.70
Share of Scope 1 greenhouse gas emissions from regulated ETS [%]	-
Scope 2 greenhouse gas emissions	
Scope 2 gross greenhouse gas emissions (market-based) [$MgCO_2e$]	6,454.64
Scope 2 gross greenhouse gas emissions (location-based) [$MgCO_2e$]	4,652.06
Scope 3 greenhouse gas emissions	
Total indirect greenhouse gas emissions (Scope 3) [$MgCO_2e$]	167,657.38
Category 1 – Purchased goods and services	120,437.61
Category 2 – Capital goods	3,884.95
Category 3 – Fuel and energy activities (not included in Scope 1 or 2)	1,993.65
Category 4 – Upstream transport and distribution	8,439.17
Category 5 – Waste from operations	62.34
Category 6 – Business travel	198.99
Category 7 – Staff commuting	4,289.96
Category 8 – Upstream leased and rented assets	1,247.63
Category 9 – Downstream transport and distribution	-
Category 10 – Processing of sold semi-finished products	-
Category 11 – Use of products sold	26,038.93
Category 12 – End-of-life treatment of products	936.11
Category 13 – Downstream leased and rented assets	128.03
Category 14 – Franchises	-
Category 15 – Investments	-
Total greenhouse gas emissions	
Total greenhouse gas emissions (market-based) [$MgCO_2e$]	178,466.72
Total greenhouse gas emissions (location-based) [$MgCO_2e$]	176,664.14

The Group's greenhouse gas emission intensity per consolidated net revenue for 2024

Indicator	**Unit**	**2024**
Total greenhouse gas emissions (location-based) per net revenue	MgCO2e / PLN million	102.24
Total greenhouse gas emissions (market-based) per net revenue	MgCO2e / PLN million	103.27

Greenhouse gas emissions intensity for the Group is presented only for 2024, as the Group calculated its carbon footprint in all three scopes for the first time and 2024 will be the base year.

9.2.8. E1-7 GHG removals and GHG mitigation projects financed through carbon credits

The Group did not purchase any unit offsets or Carbon Credits.

9.2.9. E1-8 Internal carbon pricing

The Group does not apply an internal system for setting greenhouse gas emission charges.

9.2.10. E1-9 Anticipated financial effects from material physical and transition risks and potential climate-related opportunities

In the case of ESRS E3-5, the Group has decided to take advantage of the phased introduction of regulations in accordance with Appendix C to ESRS 1.

9.3. E3 WATER AND MARINE RESOURCES

9.3.1. E3-1 Policies related to water and marine resources

The Group does not have a separate policy related to water and marine resources; this area is covered by the Integrated Management System Policy under the ISO 14001:2015 certified system. The Group adapts its production processes, technology and construction work organisation to applicable legal and specific market requirements. A material negative impact identified during the double materiality analysis concerns water intake and consumption for production purposes.
The water management system is addressed in the following internal regulations:

- P8-01-00 Identification and evaluation of environmental aspects – Water consumption is a significant aspect, which means that it is included in management processes.
- P8-02-00 Monitoring the effectiveness of the EMS – establishing responsibilities and metrics related to water consumption.
- P10-01-00 Production of precast concrete elements – operationalisation of the production process during which closed-loop water systems are controlled.
- Procedures related to water resource protection:
- P8-04-00 Site preparation – regulating environmental rules applicable on construction sites.
- P9-04-00 Identification and response to emergency situations – concerning emergency situations that may have a negative impact on water resources.

The implementation of the above procedures is supervised by the Management Board of the Pekabex Group.

All of the Group's production plants are located in areas exposed to water-related risks. All of them discharge their wastewater to municipal sewage treatment plants in accordance with the terms of the agreement and do not exceed the wastewater quality standards. Two of the Group's production plants are located in areas with a significant water deficit. However, water consumption in these locations is not high enough to have a decisive impact on water levels in the region, and therefore the Group has not developed separate policies to limit its environmental impact in terms of water intake and consumption. However, this issue was identified as material during the double materiality analysis and is subject to ongoing monitoring by the Group. Should the Group's impact in this area increase, the Group is prepared to adopt appropriate policies. The Group's own operations are not related to seas and oceans, therefore it does not have any policies on these issues.

9.3.2. E3-2 Actions and resources related to water and marine resources

In 2024, in order to mitigate the negative impacts associated with the intake and consumption of tap water in its own operations, the following measures were introduced as part of the Integrated Management System:

- Optimisation of water consumption through proper management of the production process and recycling of process water.
- Ongoing monitoring of water consumption for each process.
- Persons appointed for supervising water resource management.
- Investment in a water recycling system at the plant in Bielsko-Biała – purchase of a concrete mixing plant with a water recycling system. In 2024, capital expenditure related to this investment amounted to PLN 1,136 thousand. The budget for the entire investment is planned at PLN 8,335 thousand. The investment is to be completed in the second half of 2025 – implementation from own funds.

The above measures address significant identified negative impacts related to water. The resources needed for their implementation come from the Group's own funds.

The aim of the initiatives implemented is to reduce the consumption of tap water in technological processes, increase the use of recirculated water and improve water resource management. Through consumption monitoring, process optimisation and the implementation of recycling technologies, it is expected that pressure on local water resources will be reduced, especially in areas prone to water shortages.

The activities focus on the Pekabex Group's own operations, including production plants. The geographical scope covers areas of Poland and Germany, including regions with high water stress. In addition, the Group has persons responsible for supervising water management, which strengthens systemic environmental supervision across the entire Group.
The implementation of the planned activities for the coming years is not significantly dependent on the availability and allocation of resources, as it does not involve the need to incur significant expenditure, the implementation of which would depend on the availability of financing.

The Group has implemented a water recycling system at one of its locations in Poznań, an area with a significant water deficit.

9.3.3. E3-3 Targets related to water and marine resources

The Pekabex Group has not set any water and marine resource targets for 2024 that would meet the ESRS requirements due to a lack of relevant resources. The Group plans to set targets within three years.
The Group does not monitor the effectiveness of policies in this area due to their absence. No monitoring activities are carried out under dedicated procedures relating to this area of impact, with the exception of the mechanisms included in the ISO 14001 environmental management system. Nevertheless, the Group's impact on water resources is controlled through the implementation of its operational targets.
Operational objectives for controlling water consumption efficiency:

1. Maintaining the level of recycled water consumption at the production plant in Mszczonów above 45%.
2. Maintaining recycled water consumption at the Poznań plant at a level of not less than 7%.

The achievement of the above objectives will be monitored on the basis of readings from measuring equipment at concrete mixing plants, which indicate the amount of water that has been returned to production. Disclosures will be made on an annual basis.
In addition, the Group plans to reduce its negative impact by implementing a water recycling system in Bielsko-Biała – purchasing a batching plant with such a system.
Targets set for 2024:
Obtaining a building permit for the construction of a batching plant with water recycling – target achieved.
Commencement of the first stage of the investment – earthworks – expected completion of the stage – May 2025.

9.3.4. E3-4 Water consumption

Water is an important raw material in the Group's production process and is also used for hygiene, sanitary and consumption purposes. Water is sourced from external suppliers – water companies (the plant in Germany has its own water intake). Some of the water is recycled and returned to production, while the rest is discharged into the sewage system as wastewater. Currently, water is reused in technological processes at three of the Group's plants – in Mszczonów, Poznań and Gdańsk II, where a system for recovering water generated as a result of the technological process is in place. Aggregate resulting from the process is separated and reused, while post-process water is returned to production and reused. The other plants have sedimentation tanks.

The Group's activities are not related to the impact on marine water resources, which would include their extraction and use. All of the Group's locations are in areas exposed to water-related risks. Two of the Group's production plants, in Poznań and Marktzueln (Germany), are located in areas with a significant water deficit.

The table shows water consumption in the Group's own operations at production plants in 2024. The disclosed data has been prepared on the basis of invoices from water suppliers, which reflect actual water consumption, and on the basis of readings from measuring systems located at process units (in the case of water recycling data). Water intake measurements have not been formally approved by an external body other than the certification service provider. In the case of tap water, water supply service providers (water and sewage companies) are responsible for the correct reading and indication of meters, which indirectly constitutes approval of the data source.

The disclosed data does not include water consumption at construction sites and in office space leased by the Group, as, due to the specific nature of prefabrication technology, the highest water consumption occurs at the Group's production plants.

Indicator name	**Unit**	**2024**
Water consumption	m^3	
Total water consumption		36,006.00
Total water consumption in areas exposed to water-related risks, including areas with significant water scarcity		36,006.00
Total volume of recycled and reused water		4,139.06
Total volume of water stored		-
Water consumption intensity	**m^3/PLN million**	
Total water consumption m^3 per PLN 1 million of revenue		11.95
Water intake and wastewater	m^3	
Total water intake		49,908.00
Total water discharge		13,902.00

9.3.5. E3-5 Anticipated financial effects from water and marine resources-related risks and opportunities

The Group avails itself of the option to omit this information in accordance with ESRS 1 Appendix C.

(all amounts in PLN thousand unless otherwise stated)

9.4. E5 RESOURCE USE AND CIRCULAR ECONOMY

9.4.1. E5-1 Policies related to resource use and circular economy

The Group does not have a separate policy on resource use and circular economy; this area is covered by the Integrated Management System Policy under the certified ISO 14001:2015 Environmental Management System and the ISO 9001:2018 Quality Management System. The Group adapts its production processes, technology and construction work organisation to applicable legal and specific market requirements.

In order to mitigate the negative impact associated with the fact that the construction sector generates large amounts of waste that cannot be recycled or recovered, the Group has introduced the following internal regulations:

- P8-03-00 Waste management in GW and the assembly department – concerns the management of waste generated.
- P8-04-00 Construction site preparation – concerns the use of resources related to products and services and waste management during construction site preparation.
- P8-05-00 Waste management in production – concerns the management of generated waste.
- P10-01-00 Production of precast concrete products – concerns the use of inputs and outputs related to products and services.

All identified material impacts are managed by environmental management system procedures in accordance with the ISO 14001 standard. The implementation of the above regulations is supervised by the Management Board.

9.4.2. E5-2 Actions and resources related to resource use and circular economy

In 2024, the Pekabex Group continued and developed activities aimed at reducing the negative impact of the Group's operations on the environment in terms of resources introduced and circular economy. These activities are part of the circular economy strategy and include own operations as well as activities in the upstream and downstream value chain.

The table summarises the Group's key activities in this area.

Key activity	Outputs	Scope of action	Time frame
Reuse of wooden sleepers and stiffening channels for transporting the elements	Reduction of waste generated in the logistics process	Operations in the upstream supply chain, prefabricated element transport area	Ongoing activity, continuation in subsequent years
Creation and implementation of a Waste Management Plan for construction sites	Prevention of improper waste management and increase in recycling rates	Operations in the downstream supply chain, construction sites managed by the Group	Applicable on an ongoing basis, implemented prior to the commencement of each investment
Implementation of the Environmental Management Plan by contractors and subcontractors	Ensuring environmental compliance of investments and reducing negative impact	Own operations and upstream operations, construction sites, subcontractors and contractors	Ongoing activity, repeated for each project
Creation of innovative construction and production solutions	Reducing the amount of concrete and reinforcement, reducing waste, promoting reuse	Own operations, production of prefabricated elements	Ongoing activity, with prospects for development in the coming years
R&D Centre activities in the field of low-carbon materials and processes	Reducing the carbon footprint of products, increasing the innovativeness of the offer	Own operations, research and development processes, product and production	Ongoing since 2017, to be continued in subsequent years
Automation of the reinforcement plant	Reduction of steel waste, improvement of resource efficiency	Own operations, production plants	Ongoing activity, continuation in 2025-2026
Sale of steel residues as scrap	Waste minimisation, closing the material cycle	Own operations, production, partner relations	Ongoing activity, implemented continuously
Use of recycled water from technological processes	Reduction of primary water consumption	Own operations, production plants	Ongoing action, continued practice

Key activity	Outputs	Scope of action	Time frame
Reuse of wooden formwork	Reduction of raw material consumption and wood waste	Own operations, production of prefabricated elements	Ongoing practice, with plans for further development
Return of production dust to the technological process	Minimisation of dust waste, improved efficiency of raw material use	Own operations, prefabricated product manufacturing process	Ongoing practice, continuously implemented and developed

These activities mitigate the Group's negative impact related to the fact that construction activities involve the production of buildings and structures for which there are no sufficiently developed recycling technologies, and that activities in the construction sector generate large amounts of waste that cannot be recycled or recovered.
The above measures also reinforce the Group's positive impact related to the specific nature of concrete prefabrication technologies, the use of which reduces the amount of waste on construction sites.

The implementation of the above measures did not require the Group to incur significant operating expenses (Opex) or capital expenditure (Capex) in the reporting year.

9.4.3. E5-3 Targets related to resource use and circular economy

In 2024, the Group did not set any targets related to resource use and circular economy that meet the ESRS requirements due to a lack of relevant resources. However, it monitors the effectiveness of its policies and actions related to material impacts associated with resource use and circular economy.

However, as part of its ISO 14001 environmental management system, the Group has set operational targets to verify the effectiveness of the system's action plans aimed at counteracting material negative impacts and strengthening positive impacts. The operational objectives were voluntary and not dictated by specific legal requirements. Over the next three years, the Group plans to set objectives that will meet the ESRS requirements.

Operational objectives related to resource use and the circular economy adopted by the Group under the ISO 14001 systems:

- Launch of its own crushing plant in Mszczonów – planned completion of the investment at the end of 2027. No activities related to this investment have been planned for the year yet.

9.4.4. E5-4 Resource inflows

Description of resources introduced
As a manufacturer of reinforced concrete prefabricated elements, the Pekabex Group introduces a number of material resources necessary for the implementation of production processes into the organisation.
The basic materials introduced into the organisation are as follows:

- Cement (including low-emission cement, e.g. CEM II, limestone powder): a key component of concrete mixes.
- Reinforcing steel: prestressed steel, reinforcing steel, profiles and other steel elements – mostly from recycling.
- Aggregates (sand, gravel, granite): used in the concrete manufacturing process.
- Construction chemicals: improving the properties of concrete (e.g. admixtures).
- Insulation materials: mineral wool, polystyrene, PIR.
- Wood-based materials such as square timber or plywood, used for moulds.
- Water as a raw material used in production.

Over 98% of the materials introduced into the organisation, in terms of weight, are technical materials, with cement and aggregate constituting the largest group.

The Group does not use materials containing critical raw materials and rare earth metals in its production activities.
The table presents the resources introduced into the organisation in 2024.

Resource inflows	Unit	2024
Total weight of resources introduced into the organisation	Mg	472,446.37
Total weight of products introduced into the organisation	Mg	irrelevant
Total weight of technical materials introduced into the organisation	Mg	469,576.84

(all amounts in PLN thousand unless otherwise stated)

Total weight of biological materials introduced into the organisation	Mg	2,869.53
Percentage of biological materials used in the reporting period	%	0.64
Total weight of sustainably sourced biological materials	Mg	0
Percentage of sustainably sourced biological materials	%	0
Total weight of components, products and secondary materials, reused or recycled, used in the manufacture of products and provision of services by the undertaking	Mg	22,585.4
Percentage of components, products and secondary materials, reused or recycled, used in the manufacture of products and provision of services by the undertaking[9]	%	4.78

The Group has adopted the definition of technical material as material used in processes used to manufacture products and provide services by the undertaking, including water used in the production process and packaging. Cement and aggregate are the Group's main technical materials.

The Group has adopted the definition of biological material as a living or dead part of a biological unit, such as a human, animal, plant or any substance derived from such a unit. The Group classifies wood and wood-based materials such as square timber and plywood as biological materials in relation to its own processes.

For the reported resources, the Group had actual data obtained from "external acceptance" (PZ) documents or other sources. Some values had to be converted to standardise the units (most often from m³ to tonnes). The data was obtained from the IT system.

The disclosed data only concern raw materials and materials introduced into production plants, and do not include materials introduced into the organisation as a result of the provision of general contracting and assembly services, or those introduced by the Group's offices. The Group is in the process of establishing a procedure and implementing appropriate IT solutions for data collection.
The Group has estimated that the weight of products, including packaging, introduced into the organisation is not material.

9.4.5. E5-5 Resource outflows

In the case of the Group's activities, an important aspect of its environmental impact is the production and construction waste it generates. The main streams of such waste come from operational activities, in particular from processes related to production and the activities of the execution of contracts –prefabrication segment (construction sites).
The Group continuously monitors the amount of waste generated. Companies cooperating with the Group in waste collection are verified in terms of the administrative decisions they hold and the way in which they manage their waste.

The table presents the waste generated by the organisation in 2024.

	Resource outflows	Unit	2024
a	**total volume of waste generated**	**Mg**	**11,757.35**
b	**total amount of waste for which disposal has been avoided**	**Mg**	**11,331.23**
	hazardous waste	Mg	13.77
	Preparation for re-use	Mg	0.00
	Recycling	Mg	11.03
	Other recovery processes	Mg	2.74
	other than non-hazardous	Mg	11,317.46
	Preparation for re-use	Mg	0.00
	Recycling	Mg	11,317.46
	Other recovery processes	Mg	0.00
c	**total amount of waste sent for disposal**	**Mg**	**426.12**

[9] The data refers to purchased recycled materials, mainly steel.

(all amounts in PLN thousand unless otherwise stated)

	Resource outflows	Unit	2024
	hazardous waste	Mg	10.81
	Combustion	Mg	10.81
	Storage	Mg	0.00
	Other disposal processes	Mg	0.00
	other than non-hazardous	Mg	415.31
	Combustion	Mg	0.00
	Storage	Mg	415.31
	Other disposal processes	Mg	0.00
d	**total amount of waste not recycled**	**Mg**	**428.86**
	total percentage of waste not recycled	%	3.6

The Group generates various types of waste as part of its production activities. The information below presents the significant waste streams and the main types of materials they contain.
Main waste streams:

- Concrete and reinforced concrete waste – originating from overflows, damaged elements and concrete remaining in moulds after the end of the production cycle.
- Reinforcement waste – reinforcing steel scraps, wires.
- Wood waste – used formwork, square timber, transport pallets.
- Plastics – packaging films, packaging from chemical mixtures and auxiliary materials.
- Packaging waste – cardboard boxes, paper bags, disposable pallets.

Materials found in waste:

- Non-metallic minerals – mainly concrete.
- Metals – reinforcing steel, steel components.
- Wood – square timber, OSB boards, plywood, Euro pallets.
- Plastics – stretch film, HDPE and PP packaging, chemical additive containers.
- Paper and cardboard – packaging, working documentation.

Waste classified as hazardous comes from production plants and was not used on construction sites during the reporting period. The data was obtained from the BDO – Waste Database and internal reports.

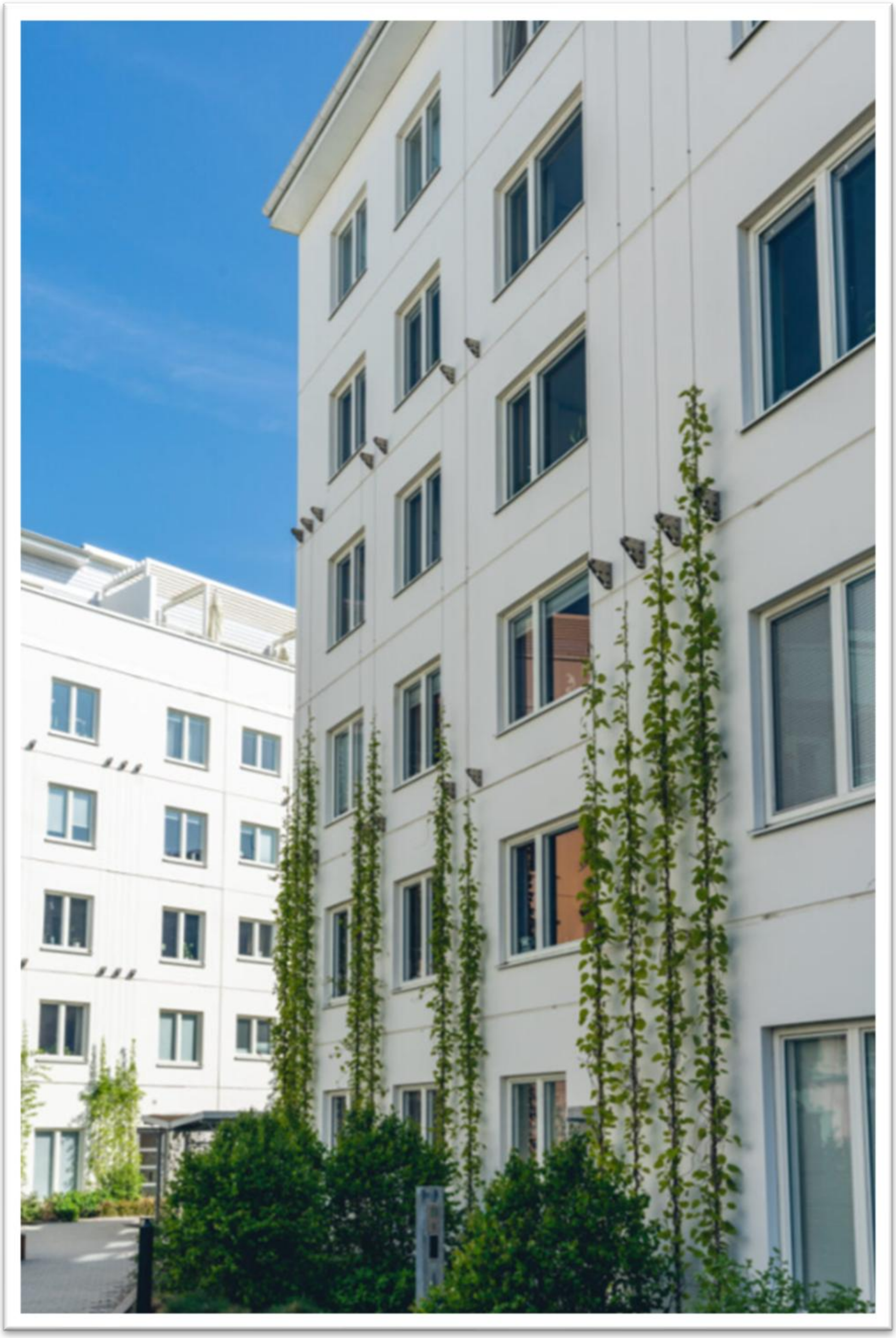
During the periods presented, the Group did not generate any radioactive waste as defined in Article 3(7) of Council Directive 2011/70/Euratom.

In the Group, hazardous waste includes, for example: engine oils, gear oils, lubricating hydraulic oils, packaging containing residues of hazardous substances or contaminated with them, and pressure packaging.
Non-hazardous waste, on the other hand, mainly includes steel, rubble, wood, plastic, mixed construction waste and packaging waste.

It should be noted that the specific nature of the business results in significant variability in waste disclosures. This depends on individual contracts performed in a given reporting period and the scope of work performed, as well as the level of production at production plants.

9.4.6. E5-6 Anticipated financial effects from resource use and circular economy-related impacts, risks and opportunities

The Group avails itself of the option to omit this information in accordance with ESRS 1 Appendix C.



Limhamn Sjostad Cementen, Malmo, Sweden

10. Information on labour and social issues

10.1. S1 OWN WORKFORCE

10.1.1. ESRS 2 SBM-3 – Material impacts, risks and opportunities and their interaction with strategy and business model

The prefabrication technology used by the Group ensures more controlled and safer working conditions, as most employees work in controlled conditions in production plants, with only assembly teams working on construction sites. Pekabex employment policy is based on offering stable employment conditions and developing employee competencies. Due to the high risk of accidents characteristic of the entire construction industry, ensuring the safety of employees working for the Pekabex Group is an important element of its business model and strategy.
No significant risks or opportunities related to the Group's own workforce have been identified.

The largest group of employees are those employed under employment contracts. Persons who are not employees but belong to the Group's own workforce are self-employed persons (B2B contracts) – 12.2% of the Group's own workforce. During the reporting period and as at the date of this Statement, the Group did not cooperate with companies conducting activities related to employment (NACE code N78). The majority of the Group's employees are classified as manual workers, which is related to the Group's business profile. They are mainly employed in production plants and on construction sites operated by the Group. Despite the international scope of its operations, most of the employees are employed in Poland, with the second largest group being employees working in Germany, which is also related to the Group's production plant located in Marktzeuln and the German branch of Pekabex Pref S.A.

The potential negative impact of accidents on construction sites is related to individual cases.
The working conditions offered by the Group in relation to prefabricated construction have a positive impact on all employees and their families.

Pekabex systematically implements and improves the highest health and safety standards and measures to minimise accidents at work and eliminate the causes of occupational diseases among employees.
The Group does not carry out operations exposed to the risk of forced labour, compulsory labour or child labour.
As part of the identification of groups more vulnerable to harm resulting from the Group's activities, in particular among its own workforce, a number of analytical and consultative activities were carried out, including:

- A focus group study with employees, which provided first-hand information on the experiences of employees in different locations, departments and at different job levels.
- Analysis of reports to the HR and Health and Safety Departments, as well as observations from interviews with managers and team leaders.
- Assessment of occupational risks within the internal health and safety management system.
- Analysis of health and safety indicators broken down by job specifics and job groups and compared with industry data.

10.1.2. S1-1 Policies related to own workforce

The Group's policies in the area of its own workforce aimed at managing material impacts. Material negative and positive impacts relate to occupational health and safety issues. The Group has also identified its material positive impact in the area of employee training and development.
The basic policies for managing impacts on own workforce are:

- Integrated Management System Policy together with a certified Occupational Health and Safety Management System (ISO 45001:2018), which aims to ensure appropriate conditions for employees and associates to perform their tasks and to take measures to improve the comfort and safety of work. Managing potential risks leads to minimising or eliminating risks associated with the activities performed. The policy covers all companies in the Capital Group and all countries where it operates. The policy is mandatory and applies to the production facilities of the Pekabex Capital Group. The policy applies to every external Contractor and Subcontractor who undertakes and performs work or services for the Pekabex Group. The Group's Management Board is responsible for implementing the policy.
- "Work regulations" adopted for each of the Group's companies, which describe the principles of equal treatment of employees in terms of establishing and terminating contracts, conditions of employment and promotion, and access to training to improve professional qualifications, regardless of gender, age, disability, religion, nationality, political beliefs, trade union membership, ethnic origin, religion, sexual orientation, political beliefs, and regardless of whether they are employed on a fixed-term or permanent basis, or on a full-time or part-time basis. It obliges the Group to cooperate with employees in the event of reports of violations of employee rights and to shape the

rules of social coexistence in the workplace, facilitate the improvement of employees' qualifications, provide them with protective clothing and personal protective equipment, informing them about the risks associated with their work and the rules for protection against hazards, and counteracting mobbing and discrimination. The regulations apply to employees, and the Group's Management Board is responsible for their implementation.

- "Remuneration Regulations" adopted in each of the companies in Poland, the purpose of which is to define the conditions for remuneration for work and the granting of work-related benefits. The Regulations additionally specify the right to remuneration for an employee for recommending an employee and implementing their initiative as part of the "I have an idea" programme. The regulations apply to employees, and the Group's Management Board is responsible for their implementation.
- The "Code of Responsible Business Conduct of the Pekabex Capital Group", which states that in dealings with employees, compliance with the Universal Declaration of Human Rights, the Charter of Fundamental Rights, the Declaration of the International Labour Organisation, the OECD Guidelines for Multinational Enterprises and the United Nations Guidelines on Business and Human Rights. The document indicates that the Group does not allow the employment of children and does not tolerate or allow forced labour. Pekabex condemns all forms of discrimination and harassment and supports diversity and social inclusion by creating an environment in which everyone has an equal opportunity to fulfil themselves in their personal and professional lives. The Group does not tolerate mobbing, prevents and does not allow mobbing behaviour among employees, regardless of the form of employment. In order to prevent discrimination, Pekabex pursues a policy of employment, remuneration and promotion based on the principle of equal treatment. The Group does not have a separate policy on the prevention of discrimination.
- The "Code of Ethics" is a key document setting out standards of conduct for all employees in all locations. It forms the foundation of the organisational culture, promoting values such as respect, integrity, responsibility, improvement and open communication.

The Group implements special procedures for preventing and mitigating discrimination and taking action when it is discovered, as well as for increasing diversity and overall social inclusion. These procedures include:

- Promoting principles derived primarily from the Code of Ethics.
- Initial training for new employees.
- Standardised recruitment processes based on objective criteria.
- Responding to cases of discrimination through an implemented mechanism for reporting violations, including anonymously.
- Monitoring of reports and results of employee satisfaction surveys.

The Group does not have a Human Rights Policy as a separate document.

The Group has no specific commitment to a policy of social inclusion of people from particularly vulnerable groups among its own workforce or to positive action on their behalf.
Employee policies are implemented in accordance with internal rules for the creation of internal regulations. The regulations are published on the Intranet, which is accessible to all employees. Selected regulations are accompanied by training materials and e-learning courses for employees.

10.1.3. S1-2 Processes for engaging with own workforce and workers' representatives about impacts

The Pekabex Group obtains opinions and feedback from its own employees regarding working conditions, safety and training needs. This information has a real impact on decisions made in the areas of health and safety and competence development. On this basis, annual training plans are created and actions are taken in response to employees' needs in terms of safety and comfort at work. A detailed description of the cooperation and collection of opinions from this stakeholder group is provided in ESRS 2 SBM-2 area S1.
In terms of material impacts on health and safety at work, the Group consults with employees through their representatives on matters relating to:

- representing their views on health and safety matters;
- stakeholder health and safety needs and expectations;
- assigning appropriate roles, responsibilities and powers regarding health and safety;
- changes in the organisation of work and in the equipment of workplaces, the introduction of new technological processes and chemical substances and preparations, if these may pose a risk to the health or life of workers;
- assessing the occupational risks involved in carrying out certain work and informing workers of these risks;
- creation of an occupational health and safety service or the delegation of the tasks of this service to other persons, and the designation of competent employees to provide first aid;
- assigning the employees with individual protective measures and occupational clothing and shoes;
- means of supervision over outsourcing, purchasing and contractors;

- incidents (accidents at work and near misses) and non-conformities, as well as determining corrective and remedial actions;
- initiating improvement activities in the field of health and safety (issues reported by employees);
- training employees in occupational health and safety.

Consultations are held at least once a year.

Health and safety service employees determine the need for changes to the health and safety system, the reasons for these changes and the details of procedures for new processes. Department managers are obliged to inform employees affected by the changes about their scope and the need to undergo appropriate training. Consultations with employees include meetings of the Health and Safety Committee, and meetings with the workforce under the name “Minutes for Safety”.

Operational responsibility for health and safety management and dialogue with employees lies with the health and safety managers responsible for individual business segments.

In accordance with the training and development procedure, the supervisor conducts a development interview with the employee to verify training needs. Employees can independently report their training needs to the HR Department by sending a request to the designated e-mail address or by completing surveys that the HR Department sends to employees to find out their needs in this area. Consultations are held at least once a year.

The HR director is operationally responsible for ensuring cooperation between the employee, their supervisor and the HR Department.

Based on the comments received from employee representatives on health and safety issues, the analysis of health and safety indicators and post-training feedback from employees (including surveys), the Group assesses the effectiveness of its cooperation with employees as positive.

10.1.4. S1-3 Processes to remediate negative impacts and channels for own workforce to raise concerns

As part of its general approach to providing corrective measures, when the Group has caused a material negative impact on health and safety, actions are taken to immediately remove the cause of the incident, provide support to those affected (including medical support, if required), and to implement preventive and corrective measures, such as changes to procedures, additional training or investments in protective measures, in order to avoid similar situations in the future. In cases where financial compensation is awarded to the injured party, the Group fully complies with its obligations under final court judgements or settlements, treating them as an integral part of a responsible approach to remedying damage.
These activities are monitored as part of the health and safety management system, and their effectiveness is assessed by the relevant organisational units and internal audits.
The Pekabex Group has implemented mechanisms for reporting concerns, needs and complaints, providing employees with a variety of communication channels and procedures to protect whistleblowers from retaliation.
Employees have the opportunity to report irregularities:

- in the area of violations of the law, in particular corruption, product safety and compliance with requirements, transport safety, environmental protection, privacy protection and the security of networks and ICT systems in accordance with the “Internal Violation Reporting Procedure”, which complies with the Act of 14 June 2024 on the protection of whistleblowers;
- violations of the Pekabex Group Code of Ethics through the channels listed in the Code or through direct contact with a selected representative of the Commission.

In connection with the reports recorded in the above-mentioned channels, the Pekabex Group assesses that employees are aware of the existence of the described processes and have confidence in them.

The Group has not yet assessed the effectiveness of the reporting channels provided.

The processes for mitigating negative impacts, the channels for employees to report problems, and the mechanism for handling complaints are described in detail in ESRS G1-1.
The Group supports the availability of the above channels in the workplace through information published on the Intranet (internal communication platform), on the website, and through information e-mails and verbal communication or posters for employees who do not have access to e-mail.

10.1.5. S1-4 Taking action on material impacts on own workforce, and approaches to mitigating material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions

Occupational health and safety
In order to prevent the negative effects of accidents in 2024:

- A comprehensive update of the occupational risk assessment was carried out by the Group, taking into account the results of measurements of harmful factors in the working environment, and corrective and preventive actions with regard to the occupational health and safety incidents that have occurred.
- The Group consulted with employees and the Health and Safety Committee and held meetings with staff entitled “Minutes for Safety”.
- An analysis of the state of occupational health and safety was drawn up by the Group, and included, among other things, the results of measurements of work environment factors, information on training in occupational health and safety, the most frequent irregularities and major problems, preventive measures.
- The Group organised a series of accident prevention training courses for factory workers on the following topics: “Transport-related work” and “Harmful and disruptive factors in the workplace”.
- It covered the production plant in Bielsko-Biała with the ISO 45001:2018 certified system.

The Group tracks the effectiveness of its activities by monitoring changes in accident rates and employee absenteeism due to illness, including occupational illness. The metrics are specified in note S1-14.
As a result of the measures taken in 2024, the Group expected results in terms of improving occupational health and safety, such as: reducing the number of accidents at work and limiting their consequences, raising employee awareness of safe work practices, improving the quality of occupational risk management, increasing employee involvement in creating a safe environment, and increasing the effectiveness of the OHS management system.
In 2024, the Group recorded accidents at work among its own workers, which resulted in temporary incapacity for work. In response, the Group implemented corrective measures aimed at both providing direct support to the injured parties and systematically preventing the recurrence of similar incidents in accordance with the occupational health and safety management system procedures under the ISO 45001 standard.

These activities included:

- Immediate securing of the scene and providing assistance to the injured parties, including medical assistance if necessary.
- Preparing accident documentation and conducting an internal investigation to identify the causes of the accidents.
- Implementing corrective and preventive measures, such as changes to work organisation or the use of additional protective measures.

Enabling the injured parties to take advantage of the benefits to which they are entitled.
Employee training and skills development
In 2024, the Group held:

- An analysis of employees’ development and training needs, which forms the basis for the preparation of an annual training plan and participation in various educational and development events. These issues are described in more detail in ESRS S1-13 indicators for training and skills development.
- Technical courses on material handling equipment, electrical equipment and welding were completed.
- Language courses were organised for 334 people, covering English, German and Polish for foreigners employed in Polish companies.
- The Group subsidised postgraduate studies and other courses and training programmes for its employees to support their career development.
- Nearly 11,000 training hours were delivered in 2024, during the implementation of 99 topics for 1,713 participants. Specialised, managerial and technical training courses were implemented, most of which resulted in professional qualifications. Among the participants, white-collar workers made up 65% (1,111 people) and blue-collar workers 35% (602 people).

As a result of the measures taken in 2024, the Group expected results in the area of employee training and skills development, such as: improving the technical and operational competences of employees, increasing work efficiency, developing language skills supporting international cooperation and the integration of foreigners, as well as better matching development paths to individual and team organisational needs. The Group also expected that the implementation of the annual training plan, based on an analysis of development needs, would contribute to an increase in employee engagement and their readiness to take on professional challenges.

In the coming years, training programmes will be developed to further improve competencies and ensure staff development. The Group is also developing plans for the further professional development of key management personnel.
The Group tracks the effectiveness of its activities by monitoring changes in training and skills development indicators. The metrics are specified in note S1-13.

No significant opportunities or risks have been identified in area S1.

Practices related to supply management, sales and data use did not cause or contribute to any material negative impacts on the Group’s own workforce.

(all amounts in PLN thousand unless otherwise stated)

The resources allocated to the management of material impacts on the Group's own workforce come mainly from the Group's own funds. For some of the training courses on occupational health and safety, the Group took advantage of the subsidies offered by the Social Insurance Institution.

10.1.6. S1-5 Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities

In order to reduce the potential negative impact on its employees, the Group has set a goal of maintaining a zero fatality rate at its production facilities and construction sites supervised by the Group. The metrics are presented in note S1-14.

In 2024, the objective was achieved, as no fatal accidents were reported.

This objective is directly linked to the Integrated Management System Policy based on the requirements of the ISO 45001:2018 standard. This policy assumes a preventive approach and strives for continuous improvement in the protection of employees' health and life. 2024 is the first year for which the Sustainability Statement is prepared, and it will be adopted as the base year for future Statements. The objective is ongoing – it is valid indefinitely throughout the Group's strategic horizon. No interim objectives have been set, as the expected level of performance (no incidents) should be maintained every year. The objective is based on an internal system for reporting and recording health and safety incidents, occupational risk analysis, and the results of internal audits and ISO 45001 compliance reviews. Appendix A.4 to ESRS S1, the recommendations of the National Labour Inspectorate and good industry practices were also taken into account when setting the objective. Employees were directly involved in setting the objective, but only indirectly – through consultations, participation in "Minutes for Safety" meetings and analysis of information obtained from focus groups and employee satisfaction surveys.

In the case of training and employee skills development, the Group did not set objectives in line with MDR-T requirements. The metrics for this area are presented in note S1-13.

10.1.7. S1-6 Characteristics of the undertaking's employees

The tables in the following section present a summary of basic information about the Pekabex Group employees for 2024.

The Group presents the number of employees at the end of the reporting period – 31 December 2024, as it does not record seasonal fluctuations in employment.

The largest group of employees at Pekabex are men (78%), which is dictated by the nature of the work, which is often physical in nature, with workplaces located in production plants and construction sites. The largest number of employees are employed in Poland, where the Group concentrates its activities (77.15% of the Group's revenue comes from the Polish market). The second country where the Group employs the largest number of employees is Germany, which is related to the Group's production plant in Marktzeuln and the development of activities related to the provision of production services in that area (Pekabex Pref S.A., Dresden branch). The Group employs the vast majority of its employees on full-time, permanent contracts.

Number of employees by gender

Gender	**Number of employees**
Male	1,270
Female	358
Other	0
Not reported	0
Total (number of people)	1,628

Employment data is also provided in note 3.6 to the consolidated financial statements for 2024. The data is actual and comes from the personnel and payroll records, showing the average employment in 2024.

(all amounts in PLN thousand unless otherwise stated)

Number of employees by country

Domestic	Number of employees
Poland	1,312
Germany	287
Other	29

Number of employees by form of employment

Number of employees	Total	Women	Men	Others	Not disclosed
Employed for an indefinite period	1,097	232	865	0	0
Employed for a fixed period	531	126	405	0	0
Who are not guaranteed working hours[10]	0	0	0	0	0
Employed on a full-time basis	1,594	338	1,256	0	0
Employed on a part-time basis	34	20	14	0	0
Total number of employees	1,628	358	1,270	0	0

[10] Employees who are not guaranteed working hours are employed by the entity without a guarantee of a minimum or fixed number of working hours. It may be necessary for an employee to work on an as-needed basis, but the entity is not contractually obliged to offer a minimum or fixed number of working hours per day, week or month.

(all amounts in PLN thousand unless otherwise stated)

Total number of employees by region

Number of employees	**Total**	**Poznań**	**Mszczonów (Badowo Mściska)**	**Łódź**	**Gdańsk**	**Bielsko-Biała**	**Warsaw**	**Marktzeuln (Bavaria) FTO**	**German Branch**	**Germany (assembly department)**	**Germany GW**	**Slovakia (assembly department)**	**Sweden (assembly department)**	**Sweden BETBYGG**
Employed for an indefinite period	1,097	414	170	11	149	102	7	109	111	1	2	1	12	8
Employed for a fixed period	531	212	50	0	73	114	10	3	54	1	6	0	7	1
Who are not guaranteed working hours[11]	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total number of employees	1,628	626	220	11	222	216	17	112	165	2	8	1	19	9
Employed on a full-time basis	1,594	606	217	10	218	214	17	109	165	2	8	1	19	8
Employed on a part-time basis	34	20	3	1	4	2	0	3	0	0	0	0	0	1
Total number of employees	1,628	626	220	11	222	216	17	112	165	2	8	1	19	9

[11] Employees who are not guaranteed working hours are employed by the entity without a guarantee of a minimum or fixed number of working hours.

(all amounts in PLN thousand unless otherwise stated)

Employee turnover metrics

In 2024, the total number of employees who left during the reporting period was 581. The employee turnover rate was calculated as the number of employees who left during the reporting period divided by the average number of employees employed throughout the reporting period.

	2024
Employment turnover rate	31.90%

The data used to calculate the employee turnover rate comes from the HR and payroll IT system used by the Group companies.

10.1.8. S1-7 – Characteristics of non-employees in the undertaking's own workforce

Category	Number
self-employed	200
persons employed by entities whose activities are related to employment (NACE code N78)	0
other[12]	0
total persons who are not employees but constitute own workforce	200

The table presents non-employees who constitute own workforce. The Group includes only self-employed persons (B2B contracts) in this category. The Group does not cooperate with companies whose main activity is related to employment (NACE code N78). The Group has not identified any persons who, according to the definition in ESRS S1-7, could be classified as other, i.e. persons who do not constitute the undertaking's own workforce and are not reported under ESRS S2.

The above data refer to the number of self-employed persons as at 31 December 2024. The Group does not record seasonal fluctuations in the indicator. The data were prepared on the basis of the actual number of contracts signed with self-employed persons.
S1-13 – Training and skills development metrics

Average number of training hours per employee and non-employee under Pekabex supervision (as defined by ESRS S1), broken down by gender and Pekabex categories in 2024:

	2024		
Indicator		Women	Men
Average number of training hours per employee	senior management*	5	5
	middle management**	6	7
	blue-collar positions***	3	7
	other employees****	5	6
Total (average per employee)		**5**	**6**

*senior management – directors and deputy directors
**middle-level management – managers and deputy managers
***blue-collar workers – concrete placers, reinforcers, construction workers, etc.
****specialists, junior managers, coordinators, foremen, charge-hands, assistants, accountants, etc.

[12] Persons who do not constitute the undertaking's own workforce and are not reported under ESRS S2.

(all amounts in PLN thousand unless otherwise stated)

Number and percentage of employees and non-employees constituting own workforce (as defined by ESRS S1) who participated in regular performance reviews and career development, by gender:

	2024	
Number and percentage of employees who participated in regular performance reviews and career development	**In figures**	**By percentage**
Women	188	53%
Men	249	20%
other	n/a	n/a
not disclosed	n/a	n/a
Total	**439**	**27%**

The data for 2024 refers to development discussions conducted on the basis of an analysis of the achievement of objectives for 2024; the discussions were conducted in the first half of 2025.

The Group's management conducts all development assessments with employees.

The data was compiled on the basis of development interview sheets completed using an interactive form, the results of which are recorded in the Group's IT system.

10.1.9. S1-14 – Health and safety metrics

In 2024, the Pekabex Group maintained the health and safety management system based on the ISO 45001:2018 standard. It covers employees of Group companies as well as persons who do not have this status, but whose work or workplace is controlled by the Group (the production plant in Germany). The scope of the OHS System certification includes: assembly work and general contracting work, as well as the scope of the production division at the Poznań, Gdańsk I and Gdańsk II sites. In 2023, the scope of the occupational health and safety management system based on the ISO 45001:2018 standard was extended to the production plant in Mszczonów, and in 2024 to the production plant in Bielsko-Biała.
Table Accidents

Indicator	**2024**
Percentage of the entity's own workforce covered by the Group's occupational health and safety management system	100%
Number of fatalities among own employees as a result of work-related injuries and ill health	0
Number of fatalities resulting from work-related injuries and poor health among other employees working on the company's premises.	0
Number of recorded accidents at work involving own workforce	44
Recorded accident rate for own workforce	44
Number of reportable cases of work-related ill health	0
Number of hours lost due to work-related injuries and deaths resulting from accidents at work, work-related ill health and fatalities caused by ill health among own workforce[13]	14,040
Accident frequency rate (number of accidents at work / average number of employees constituting own workforce employed throughout the reporting period x 100)	2.42
Number of injuries, work-related fatal accidents, cases of occupational disease and deaths resulting from occupational disease / Total number of hours worked by own workforce x 1,000,000 h	18.30

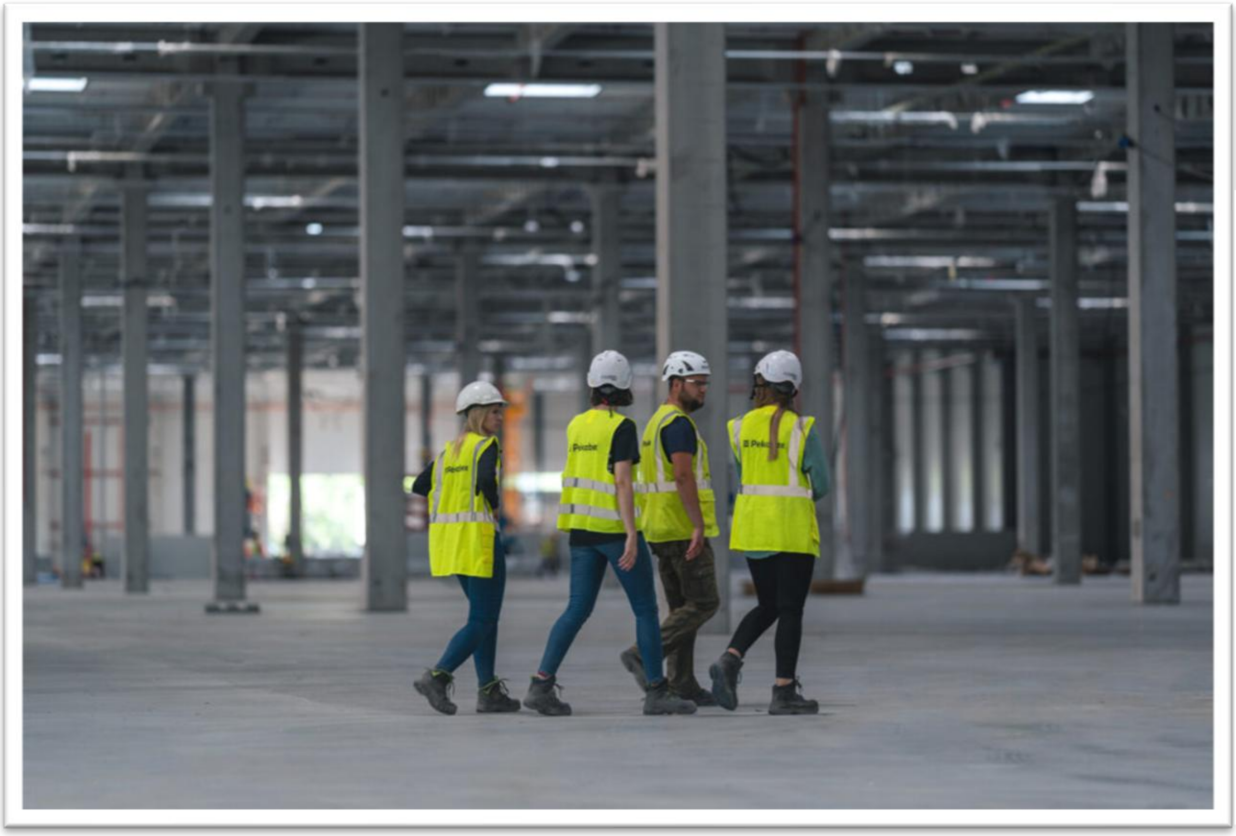
The data was calculated on the basis of the register of accidents at work kept by the Health and Safety Manager and on the basis of records from the HR and payroll IT system in terms of data on absenteeism.

[13] The number of hours lost was estimated based on the number of working days of absence due to a work-related accident or health problem multiplied by the typical daily number of working hours (8 h)

10.1.10. S1-17 – Incidents, complaints and severe human rights impacts

In 2024, no incidents of human rights violations were reported, i.e. no lawsuits were filed against any of the Group's companies for human rights violations, no complaints were registered through internal reporting channels or third parties, including the national contact point, and no penalties, fines or damages were imposed.

In 2024, no cases of discrimination or harassment were reported. No lawsuits were filed against any of the Group's companies concerning discrimination, mobbing or harassment in the workplace. No complaints were registered through internal reporting channels or third parties, and no penalties, fines or damages were imposed.



Employees of the Pekabex Group

10.2. S2 WORKERS IN THE VALUE CHAIN

10.2.1. ESRS 2 SBM-3 – Material impacts, risks and opportunities and their interaction with strategy and business model

The Pekabex Group, operating on a large scale and cooperating primarily with contractors in Europe, identifies the impact of its activities on the environment in the value chain in such areas as:

- Occupational health and safety, particularly in manufacturing and on construction sites: The ISO 45001 standard sets out the principles for compliance with occupational health and safety regulations on construction sites and covers subcontractors;
- If negative situations are identified at partner companies, the company has mechanisms in place to respond to and report these incidents.

The Group's business model is based on the design, production, assembly and provision of services in the form of general contracting for the construction of facilities based on the technology of prefabrication of reinforced concrete elements, which contributes to minimising the risk of accidents and non-compliance with occupational health and safety standards on construction sites. The supply chain consists mainly of companies operating in the EU, subject to regulations on working conditions and health and safety, and the ISO 45001 standards applicable within the Group set out the rules for compliance with occupational health and safety on construction sites and also cover subcontractors.
The groups of people working in the value chain on which the Group has the greatest influence are:

- workers in the Group's production plants but not belonging to its own workforce, i.e. not self-employed or provided by undertakings primarily engaged in employment activities (covered by ESRS S1) – mainly persons employed by companies providing production services to the Group;
- employees working for entities in the entity's downstream value chain – employees of construction service subcontractors cooperating with the Group in the performance of construction contracts on construction sites.

Within the analysed scope of the value chain, the Group does not cooperate with companies from geographical areas where there is a significant risk of child labour or forced labour.

The Group has identified the positive impact of its activities in the value chain in the area of occupational health and safety through the implementation of the ISO 45001 standard and additional measures such as safety campaigns, the inclusion of subcontractors in the occupational health and safety system, and optional training.

Through its activities and business model, the Group has a positive impact on the employees of construction service subcontractors cooperating with the Group in the performance of construction contracts on construction sites and on workers in the Group's production plants but not belonging to its own workforce.

10.2.2. S2-1 – Policies related to value chain workers

The Group does not have a separate Human Rights Policy document.
In October 2024, the Group adopted a Code of Responsible Business Conduct, which supports compliance with human rights and business ethics regulations. In addition to internal stakeholders, the document is also addressed to external stakeholders throughout the value chain, primarily contractors and subcontractors.
Through the Code of Responsible Business Conduct, the Group commits all entities in the value chain to comply with the UN Guiding Principles on Business and Human Rights, the International Organisation Declaration and the OECD Guidelines for Multinational Enterprises in areas such as principles of responsible conduct, protection against discrimination and harassment, counteracting mobbing, employment regulations, counteracting corruption and conflicts of interest, reporting violations and protecting whistleblowers, and occupational health and safety.
The Group focuses on the following areas:

- Respect for the human rights of employees in the value chain, including their labour rights: the Code of Responsible Business Conduct contains provisions obliging entities in the value chain to comply with ethical principles and respect human rights, including the prohibition of forced labour and child labour. The Code is available on the Group's website. The Group also conducts a process of verifying suppliers in terms of social risks, including those related to human rights violations. Among other things, it checks whether they have social certificates (e.g. SA8000, ISO 45001) or internal policies consistent with the Group's values.
- Commitment to persons working in the value chain: coverage of subcontractors' employees working in locations controlled by the Group with an occupational health and safety management system in accordance with the ISO 45001 standard.
- Measures to ensure or enable corrective action: an anonymous channel for reporting irregularities, also available to persons cooperating with the Group through third parties, as well as other channels dedicated to reporting violations operating within the Group. The Group takes corrective action when violations are discovered – these

may include a corrective action plan for the supplier, suspension of cooperation or support in improving standards. Monitoring and analysis of reports serve to assess the effectiveness of the measures taken.

The Group also has an Internal Reporting Procedure in place, which is a control mechanism for monitoring compliance with the above standards and ensuring or enabling the application of corrective measures in relation to human rights compliance. The procedure is described in detail in disclosure G1-1 Business Conduct Policy and Corporate Culture.

The Code of Responsible Business Conduct emphasises the Group's position on forced or compulsory labour and child labour. The Group refuses to work with suppliers or service providers suspected of employing children or forced labour. The Group verifies such situations through its reporting channel or directly from employees in the value chain. The Code of Responsible Business Conduct does not address issues related to the labour rights of persons working in value chains or the Group's commitment to these persons. The highest level of the Group's organisation responsible for implementing the Code is the Management Board. The Code of Responsible Business Conduct is available to all interested parties on the Pekabex Group website.

In 2024, the Group did not record any cases of non-compliance with the UN Guiding Principles on Business and Human Rights, the International Labour Organisation's Declaration on Fundamental Principles and Rights at Work, or the OECD Guidelines for Multinational Enterprises, which apply to employees working in the value chain. No human rights violations have been reported as part of ongoing monitoring activities. The Pekabex Group plans to develop mechanisms to identify and mitigate risks related to human rights violations in the value chain.

S2-2 – Processes for engaging with value chain workers about impacts

The Pekabex Group recognises the employees of subcontractors performing tasks on construction sites and in other locations managed by it as the most important group of workers in the value chain. Therefore, their safety, respect for their rights and working conditions remain a priority in the Group's operational and supervisory activities.

The Group cooperates with subcontractors' employees indirectly – through constant contact with the management of external entities and contract managers, as well as directly, e.g. through the participation of subcontractors' employees in mandatory health and safety training and operational meetings. If necessary, representatives of these persons may contact the health and safety department or construction management. In addition, the Group ensures the functioning of channels for reporting irregularities, which are also accessible to employees of external companies.

Cooperation with workers in the value chain takes place primarily in the production process and at the stage of construction projects, i.e. during the physical performance of construction works. It is ongoing and daily in nature – through contact with supervisors, health and safety services and supervisors on behalf of the Pekabex Group. In special cases, for example, when irregularities are reported, explanatory measures and intervention meetings are undertaken.

Managers and leaders of units that cooperate directly with subcontractors' employees are responsible for ensuring effective cooperation with employees of external entities. The Group's Management Board also performs a supervisory function in this regard. Information in this regard is provided to the Management Board through reporting on issues related to safety, compliance with cooperation rules and social risks by unit managers.

The Group has not entered into any global framework agreements with global trade union federations. The Group's commitments to respect human rights and labour standards are implemented through the Code of Responsible Business Conduct, which applies to all business partners and their employees and contains references to international standards, including the right to decent working conditions, freedom of association and the prohibition of forced labour.

The Pekabex Group assesses the effectiveness of measures aimed at ensuring appropriate working conditions in the value chain through, among other things: regular health and safety inspections and audits, monitoring the level of commitment and compliance with procedures by external companies, analysing reports and complaints submitted through formal channels, discussions with representatives of subcontractors and their employees on construction sites.

During the reporting period, there were no cases that would require intervention related to violations of employee rights by subcontractors, but the Group remains ready to take corrective action should such cases arise.

10.2.3. S2-3 – Processes for remediate negative impacts and channels for value chain workers to raise concerns

Workers in the value chain have the right to report violations in accordance with the Internal Reporting Procedure (available on the Group's website), which guarantees that they are covered by the whistleblower protection procedure in accordance with the Whistleblower Protection Act of 14 June 2024, as well as the standard process for responding to and resolving reports that operates within the Group.

Stakeholders also have the opportunity to report irregularities in violation of the Pekabex Group's Code of Responsible Business Conduct through the channels listed in the Code, i.e. e-mail: naruszenia@pekabex.com.

The Group has appointed an internal audit team which is responsible for verifying and resolving reported violations. Reports can be made in writing, electronically or verbally.

The above channels are the only form of reporting and resolving concerns in the value chain and are available on the Pekabex Group website.

The Group has not identified any material negative impact of its activities in the value chain.

The Pekabex Group does not assess whether workers in the value chain are aware of the existence of the above structures or processes and trust them as a means of reporting their concerns or needs and resolving or addressing them.

The policy for protecting persons who use these structures and processes against retaliation is described in ESRS G1 disclosure.

10.2.4. S2-4 – Taking action on material impacts on value chain workers, and approaches to managing material risks and pursuing material opportunities related to value chain workers, and effectiveness of those actions

The Pekabex Group takes material impacts into account by strictly adhering to the health and safety rules in force within the Group in accordance with the ISO 45001 standard. The Group has an Integrated Management Policy in place, which also applies to the occupational health and safety management system and, where possible, covers the value chain, i.e. primarily subcontractors' employees working in locations under the Group's control.
The measures taken in the reporting year, i.e. 2024, covering subcontractors' employees working in locations under the Group's control, resulting from their inclusion in the health and safety management system in accordance with the ISO 45001 standard, include:

- Prior to commencing cooperation, each contractor and subcontractor must declare that they have read and accepted the health and safety rules and regulations in force at the Pekabex Group.
- Employees of contractors and subcontractors are provided with the same health and safety conditions as employees of the Group.
- Every worker in the value chain who is present on the premises supervised by the Group, whether in a production plant or on a construction site, receives initial health and safety training and, if necessary, protective clothing.

The expected result of these activities is, above all, to improve work safety and reduce the number of incidents among subcontractors' employees working in locations under the Group's control, thanks to increased awareness of hazards and the application of standardised health and safety procedures.

The Group intends to continue these activities in the coming years. The Group does not carry out any additional activities or initiatives, other than those mentioned above, aimed at ensuring a positive impact on workers in the value chain.

The Group has not identified any material negative impacts of its activities on persons working in the value chain and therefore has not introduced any corrective measures.

In 2024, no serious issues or incidents related to human rights violations associated with the entity's upstream and downstream value chain were reported within the Group.

The Pekabex Group manages material impacts such as occupational health and safety through the department responsible for health and safety (production plants and construction sites), the logistics department responsible for relations with suppliers in the value chain, the legal department responsible for contracts with customers, suppliers and subcontractors, and the general contracting department and production department, under whose supervision employees in the value chain perform their work. The Group also provides funding for health and safety training and corporate resources in the form of policies and procedures under the ISO 45001:2018 standard.

The Group does not allocate significant operating expenses (Opex) or capital expenditure (Capex) to the above activities in the reporting year.

10.2.5. S2-5 – Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities

The objectives related to increasing positive impacts on workers in the chain include:

- No fatal accidents in production plants and construction sites supervised by the Group among workers in the value chain in 2024.

- Measure: no reported fatal accidents in the 2024 reporting year.

The Group intends to continue pursuing this objective in the coming years.
This objective is part of broader systemic activities resulting from the Integrated Management System Policy, an implemented and certified OHS management system compliant with the ISO 45001 standard, which also covers external entities working in areas controlled by the Group.

During the reporting period, the Group did not record any fatal accidents among subcontractors' employees working in locations controlled by the Group – the objective was achieved. The achievement of this objective confirms the effectiveness of the implemented approach to risk management in the area of occupational safety in the value chain.

When setting the objectives, tracking performance in achieving the objectives and identifying possible conclusions or improvements from the results achieved, the Group did not cooperate directly with workers in the value chain, their legal representatives or credible representatives.

The above objective is absolute in nature and progress will be measured in absolute terms.

10.3. S3 AFFECTED COMMUNITIES

10.3.1. ESRS 2 SBM-3 – Material impacts, risks and opportunities and their interaction with strategy and business model

The Group does not operate in areas inhabited by indigenous peoples, does not displace residents in construction sites or in areas where land ownership is unclear or disputed. The Group does not conduct mining operations that require increased water consumption or exploitation of surrounding ecosystems. The Group also does not operate in areas where respect for human rights is not legally sanctioned. This also applies to the Group's value chain. Furthermore, the Group has not identified any material impacts on local communities in other areas related to the value chain.

Most of the Group's production plants are located in industrial districts of cities, which means that their impact on local communities is very limited. The exception here is the production plant in Poznań, which is located in close proximity to single-family houses. However, the Group has not identified any material impacts, risks or opportunities related to this issue in the double materiality process. The communities on which the Group has a material positive impact are the residents of the areas surrounding the construction sites of the Group's residential development projects, as in most cases these are located in city centres.

The material positive impact on local communities in the area of economic, social and cultural rights, with particular emphasis on housing conditions, is described in detail in ESRS 2 SBM-2 – Interests and views of stakeholders.

The positive impact of the Pekabex Group results mainly from the specific nature of prefabrication technology and is related to the lower nuisance of construction sites compared to traditional construction technology. Lower nuisance means: shorter working hours on site, lower intensity of work, reduction of waste and noise.

Currently, Pekabex does not anticipate any fundamental changes to its business model in relation to material impact.
The Group conducts regular assessments of risks related to construction activities and the prefabrication process in accordance with the guidelines of the Integrated Management System. The analysis takes into account, among other things, changes in legal regulations and the impact on the environment, including affected communities.

The 2024 Sustainability Statement is the first document of its kind prepared by the Group, therefore it is not possible to compare material impacts with the previous reporting period. The Group has not identified any impacts, risks or opportunities that would require additional entity-specific disclosures.

The processes used to identify and assess material impacts, risks and opportunities are described in ESRS 2 IRO-1.

10.3.2. S3-1 – Policies related to affected communities

The Group has not adopted a policy regarding the material impact of its own operations and its value chain. The Group's positive impact on the lives of local communities is related to its business model, therefore it is not necessary to manage its material impact by creating a separate policy.

The Group does not have a separate document such as a Human Rights Policy. Through its Code of Responsible Business Conduct, the Group requires all entities in its value chain to comply with the UN Guiding Principles on Business and Human Rights, the International Labour Organisation Declaration and the OECD Guidelines for Multinational Enterprises.

The Code is a set of principles, standards and values that the Group undertakes to comply with both in its internal relations and in its cooperation with business partners and all stakeholders and communities on which the Group has an impact.

In 2024, no reports were received through the whistleblowing channel regarding non-compliance with the UN Guiding Principles on Business and Human Rights, the International Labour Organisation's Declaration on Fundamental Principles and Rights at Work, or the OECD Guidelines for Multinational Enterprises in relation to affected communities. On this basis, the Group did not identify any cases of non-compliance with the above guidelines.

The Group does not have dedicated policies or references in its existing policies regarding the prevention and mitigation of impacts on indigenous peoples. The Group does not impact indigenous peoples.

10.3.3. S3-2 – Processes for engaging with affected communities about impacts

The Group has not implemented a general process for cooperation with affected communities. Nevertheless, through its activities and interactions with the local environment, the Group monitors the potential impacts of its investments and operations on local communities.

As part of its activities, particularly in the area of development, the Group maintains contact with affected local communities. This cooperation is primarily regulated by law and is conducted in accordance with applicable regulations, including the Act on Spatial Planning and Development, the Act on Environmental Impact Assessments and construction law. These regulations impose an obligation on the investor to conduct public consultations and take into account the voice of the community in the course of administrative proceedings.
Depending on the scale of the investment and its location, cooperation with the affected communities may include:

- participation in public consultations organised by the competent administrative authorities,
- providing information on planned activities and their impact on the environment,
- making environmental documentation available,
- responding to questions and requests from the local community,
- cooperation with local authorities and community organisations.

The frequency of contact depends on the phase of project implementation – it is most intensive during the preparation of the investment and administrative procedures (e.g. decisions on environmental conditions). During the investment implementation period, the Group provides the possibility of ongoing contact and reporting of any problems or violations, including through the communication channels described in ESRS S3-3, including a dedicated contact form on the website www.pekabexdevelopment.com.

10.3.4. S3-3 – Processes to remediate negative impacts and channels used for affected communities to raise concerns

In accordance with the disclosure in ESRS 2 SBM-3 – Material impacts, risks and opportunities and their interaction with strategy and business model, the Group has not identified any negative impacts of its activities on affected communities. At the same time, acting in accordance with legal requirements and responding to the expectations of stakeholders, including affected communities, the Group provides all interested parties with the opportunity to report violations. The Group encourages both internal and external stakeholders to report any violations of the law. Affected communities can submit their comments, concerns and complaints through available communication channels, such as e-mail, the head office telephone number and traditional correspondence, which are made public on the Group's website. All comments, complaints or reports are analysed and forwarded to the relevant departments for further consideration.

The Group does not have a special communication channel enabling affected communities to directly report their concerns and needs and have them resolved or taken into account. The Group has not implemented a whistleblower protection policy for affected communities that regulates the protection of this group of stakeholders against retaliatory actions.

10.3.5. S3-4 – Taking action on material impacts on affected communities, and approaches to mitigating material risks and pursuing material opportunities related to affected communities, and effectiveness of those actions

The Group has not taken any action in relation to material positive impacts. The material positive impact identified in the double materiality analysis stems directly from the nature of the Group's activities, and therefore it does not plan to change its business model. Instead, it focuses on the continuous development of prefabrication products and technologies that directly contribute to a positive impact on affected communities.
The Group has identified the specific nature of prefabrication technology, which minimises the nuisance to the surroundings of construction sites, as a material positive impact of its activities on the affected communities. Thanks to this technology, it is possible to shorten the time needed to complete the work, reduce its intensity and reduce waste and noise. Prefabrication is the foundation of the Group's business model.

To ensure that the Group's activities related to spatial planning, land purchase and investment implementation do not have a negative impact on local communities, the Group applies appropriate measures, including conducting projects in accordance with applicable law. In 2024, the Group was not subject to any penalties or fines for regulatory violations. In addition, it operates in accordance with internal procedures under the implemented Integrated Management System, which includes the ISO 45001, ISO 9001 and ISO 14001 standards.

In 2024, no serious human rights issues or incidents affecting the affected communities were reported.

In 2024, the Group has not allocated material resources for the management of material impact.

10.3.6. S3-5 – Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities

The Group does not set measurable, results-oriented objectives in this area and does not plan to adopt them. This is because the material positive impact identified in the double materiality analysis is related to the Group's business model.

10.4. S4 CONSUMERS AND END-USERS

10.4.1. ESRS 2 SBM-3 – Material impacts, risks and opportunities and their interaction with strategy and business model

All consumers or end-users on whom the entity may have material impacts, including impacts that are related to the Group's own operations and value chain, as well as its products or services within its business relationships, are covered by the scope of disclosure specified in ESRS 2.
Characteristics of consumers over whom the Group has material impact through its own operations and the value chain of mainly two business segments:

- The "Execution of contracts – prefabrication" segment – includes individual customers (B2C) who purchase single-family houses as part of the P.Homes offer.
- The "Execution of real estate development projects on own account" segment – includes individual customers (B2C) who purchase flats and holiday apartments.

The end-users of the Group's products are mainly residents of residential buildings and employees of non-residential buildings, as well as their users and tenants.

In accordance with ESRS 2 SBM-2 – Interests and views of stakeholders, the Group, as a result of a double materiality assessment, has identified a material potential negative impact related to the nature of its activities, which concerns the risk of loss of health or life of consumers and users of facilities resulting from possible design, construction or execution errors. This impact relates to the Group's downstream value chain. The Group has also identified two positive impacts on the health and safety of consumers and end-users related to the specific nature of prefabrication technology, i.e. prefabricated concrete halls have higher fire resistance than steel structures without additional financial outlays for fire protection, and buildings made of prefabricated concrete elements provide better sound insulation than traditional concrete technologies. Both of these positive impacts relate to the Group's downstream value chain. The first positive impact concerns end-users of non-residential buildings, while the second relates more to end-users of residential buildings.

To date, the Group has not been subject to any financial penalties or legal proceedings related to the loss of life of an end-user. The identified negative impact is related to potential individual incidents.
The Group capitalises on the identified positive impacts by continuing its activities consisting in the provision of solutions in the field of design, production and assembly of structures based on the technology of prefabrication of reinforced concrete elements. In previous reporting periods, the Group did not identify any impacts, risks or opportunities arising from its activities.

10.4.2. S4-1 – Policies related to consumers and end-users

The Group's policies in the area of its own workforce aimed at managing material impacts. Material negative and positive impacts relate to quality management. The Group has an Integrated Management System Policy in place, which also refers to the ISO 9001 quality management system. This policy mitigates the Group's material potential negative impacts. The Group's Management Board is responsible for implementing the Policy. This Policy directly refers to consumers and end-users.

In the case of material positive impacts, the Group has not adopted any policies relating to the management of these issues. The Group does not have a separate human rights policy that is relevant to consumers or end-users. Key processes relating to consumers are regulated by the Act on the Protection of the Rights of Purchasers of Residential Premises or Single-Family Houses and the Developer Guarantee Fund. In practice, this means that consumers using the services of the Pekabex Group as a developer are subject to formal and statutory protection in areas such as: transparency of the development agreement, the right to withdraw from the agreement in certain cases, security of funds entrusted to the developer, and a guarantee of timely completion of the investment in accordance with the design. In addition, sales and customer service processes are carried out in accordance with the Group's internal quality and ethics standards, based on the values of responsibility, reliability and transparency. Despite the lack of a formal policy, the Group strives to ensure that all activities towards buyers and end-users are conducted in accordance with applicable law and recognised market standards, ensuring that their rights and interests are respected.

10.4.3. S4-2 – Processes for engaging with consumers and end-users about impacts

The Group has not implemented and does not plan to implement a general process for cooperation with consumers or end-users in relation to the impacts it has identified.

10.4.4. S4-3 – Processes to remediate negative impacts and channels for consumers and end-users to raise concerns

The Group enables end-users to report defects during the warranty period. The procedures for reporting complaints and faults are based on legal regulations such as the Civil Code or the Construction Law, and in the case of the development segment, the Act on the Protection of the Rights of Purchasers of Residential Premises or Single-Family Houses and on the Development Guarantee Fund.
The Pekabex Group enables consumers and end-users to contact it with reports, comments or complaints via dedicated reporting channels, depending on the type of report, or via publicly available communication channels, such as e-mail or the head office telephone number. Reports are forwarded to the appropriate departments (e.g. sales, technical) for verification and further processing.
The Pekabex Group supports the availability of communication and feedback channels within its business relationships, including by:

- providing partners and customers with information about available contact channels,
- providing dedicated reporting forms on the websites: www.pekabexdevelopment.com and www.phomes.pl
- using standardised procedures for reporting complaints and faults, available to both individual and institutional customers.

The customer service process is largely based on direct interaction with individual customers. In addition, at every stage of the contract, the customer has the support of a dedicated account manager to whom they can report their comments and concerns on an ongoing basis.
The Group tracks and monitors all reports as part of the complaint and after-sales service process. This process is based on: recording each report and assigning responsibility on the part of the Group, ensuring response times and problem resolution, monitoring the quality and timeliness of responses, and analysing recurring problems in order to eliminate them systematically.
The Group assesses the effectiveness of its channels by, among other things, analysing the number of reports, response times and customer satisfaction with the way the issue was resolved. Consumers are informed about the contact options:

- in information materials,
- in contracts,
- during meetings with a dedicated account manager.

10.4.5. S4-4 – Taking action on material impacts on consumers and end-users, and approaches to managing material risks and pursuing material opportunities related to consumers and end-users, and effectiveness of those actions

Actions taken by the Group in 2024 to minimise negative impacts maintaining a quality management system compliant with the ISO 9001 standard, which is part of the Integrated Management System. This standard ensures high quality process management, including control of raw materials and materials used in the production of structures. The Group also holds EPD (Environmental Product Declaration) certificates for its products. An EPD is a certificate assessing the environmental impact of a product at various stages of its manufacture and life cycle: analysing the stages of obtaining materials for the manufacture of a given product, through production, transport, assembly, use, to disposal and recycling, which ensures the safety of the products sold by the Group.

In addition, the Group has procedures in place for reporting defects and handling complaints. Consumers who are customers of the development segment receive Instructions for the use of residential premises upon acceptance of the premises. The purpose of the instructions is to precisely define the obligations and present the rules for the proper use of the facility to all stakeholders, including the investor, staff, manager, users and other persons using the facility. The instructions also include procedures for reporting complaints and a description of service procedures. For customers of P. Homes single-family homes, the procedure for reporting defects during the warranty period is included in every customer agreement. The Group also keeps a register of customer reports, which is analysed on an ongoing basis, and the conclusions from these analyses are used to improve products and service processes.

The process used by the Group to determine what actions are necessary and appropriate in response to this impact is the breach reporting channel described in detail in disclosure G1-1 – Business Conduct Policy and Corporate Culture, as well as the database of defect reports during the warranty period for customers in all business segments. These actions serve to prevent the occurrence of negative potential impacts on the personal safety of end-users.

The Pekabex Group monitors the effectiveness of its actions and initiatives in relation to end-users and consumers through several complementary processes within the Integrated Management System.
The basic mechanism for assessing effectiveness is the register of complaints and service requests kept by the units responsible for customer service in individual business segments. The data from the register is regularly analysed in terms of the number of requests in relation to the number of completed projects, the causes and recurrence of reported faults or problems, response time and request closure time. The results of the analyses are used to improve products, service procedures and customer service processes, including updating information materials provided to customers (e.g. Instructions for the use of residential premises). In addition, the effectiveness of preventive and quality assurance measures is assessed through:

- internal and external audits of the ISO 9001 quality management system, including assessment of compliance with procedures, effectiveness of corrective actions and process improvement,
- analysis of the results of quality control of materials and finished products in prefabrication plants,
- management reviews, during which management analyses quality indicators and the effectiveness of corrective and preventive actions,
- in the development and prefabricated single-family house segment, direct interactions with customers, conducted by dedicated account managers who are responsible for identifying and communicating relevant customer feedback internally, are an additional source of information.

As a result of the above activities, the Group receives continuous feedback on customer expectations and experiences and can take corrective and preventive action in response to identified needs or problems.
The identified material negative impact is potential and the disclosure is speculative; in such a case, planning the application of corrective measures would not be effective in terms of their implementation and results.

In the 2024 reporting year, no human rights violations were reported in the context of consumers and end-users.

The Group did not allocate material resources to managing material positive impacts in the reporting year. With regard to potential negative impacts, the measures allocated to maintaining product quality, including quality control costs, process improvements, expenditure on the modernisation of fixed assets, training costs, audits and after-sales service, are difficult to measure as they cover many categories of Capex and Opex.

10.4.6. S4-5 – Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities

The Group does not set measurable, results-oriented objectives in this area and does not plan to adopt them. This is because the material positive impacts identified in the double materiality analysis are related to the Group's business model. With regard to the potential negative objective, the Group has also set a target in line with the ESRS, due to the existence of a number of procedures and processes within the Group that significantly minimise this impact.
corporate governance information.

11. G1 Business conduct

11.1.1. G1-1 – Business conduct policies and corporate culture

The Pekabex Group promotes and bases its corporate culture on values such as respect, integrity, responsibility, improvement and open communication. The Group emphasises compliance with ethical principles in the activities of its companies, employees and associates, both in external and internal relations. These values are reflected in the following policies:

- Code of Business Conduct – a set of principles, standards and values that the Group undertakes to comply with in internal relations and in relations with business partners – the policy refers to two material positive impacts in the area of business conduct – building a corporate culture facilitates decision-making processes and building long-term relationships with suppliers to ensure the proper quality of products and services.
- Code of Ethics – obliging compliance with the established norms and standards, for which the Ethics Committee, composed of representatives of the Legal Department and the HR Department, is responsible – building a corporate culture facilitates decision-making processes.
- Internal reporting procedure – regulating the manner of making internal reports concerning violations of the law and taking follow-up actions – the policy refers to two material positive impacts in the area of business conduct – building a corporate culture facilitates decision-making processes and building long-term relationships with suppliers to ensure the proper quality of product and service delivery.
- Anti-corruption code – establishing mechanisms and procedures for preventing, detecting and responding to allegations or incidents of corruption or conflict of interest the policy refers to two material positive impacts in the area of business conduct – building a corporate culture facilitates decision-making processes and building long-term relationships with suppliers to ensure the proper quality of products and services.
- Rules for accepting outgoing payments – streamlining payment processes within the Group – the policy refers to a material positive impact in the area of business conduct – building long-term relationships with suppliers to ensure the proper quality of products and services.
- Procedure for adopting, approving and sharing group procedures – regulates the process of adopting, repealing, storing and sharing procedures, rules, regulations, instructions and other internal regulations within the Group – the policy refers to a material positive impact in the area of business conduct – building a corporate culture facilitates decision-making processes.
- IT Data Protection Policy – standardises the technical and organisational measures implemented by the Company to ensure that the processing of personal data in ICT systems is carried out in accordance with the law, in a manner that allows this to be demonstrated, and that these measures are reviewed and updated – the policy refers to a material positive impact in the area of business conduct – building a corporate culture facilitates decision-making processes.
- Personal Data Protection Policy – regulates the technical and organisational measures implemented by the Company to ensure that processing is carried out in accordance with the law, in a manner that allows this to be demonstrated, and that these measures are reviewed and updated – the policy refers to a material positive impact in the area of business conduct – building a corporate culture facilitates decision-making processes.

The Group's Management Board is responsible for implementing the above policies. Due to the corporate nature of the documents, interested parties were not directly involved in the policy-making process.
The above documents are available on the Group's website, on the Intranet and are distributed via internal e-mail communications.

The identification, reporting and investigation of unlawful or unethical behaviour are regulated by the procedure for anonymous reporting of violations of the law and the Pekabex Group Code of Ethics.

The internal reporting procedure establishes mechanisms to protect whistleblowers in accordance with the Whistleblower Protection Act of 14 June 2024, including establishing channels for reporting irregularities and regulating protective measures for whistleblowers in the event of retaliatory actions taken or suspected against them. The Internal Audit Team is authorised to receive reports and take follow-up action. Reports may be made in writing, electronically or orally. This mechanism is available to internal and external stakeholders, and each report may remain anonymous. However, if the whistleblower wishes to reveal their identity, they have the option to do so. Access to this information is granted to the Internal Audit Team and the President of the Management Board, who are obliged to keep this information confidential.

Reports can also be made via the e-mail address provided in the Code of Ethics. The Code and the Internal Reporting Procedure are available on the Group's website.

The Pekabex Group understands corporate culture as a set of shared values, norms and behaviours that support the implementation of the Group's strategy in a manner consistent with the principles of ethics, transparency and respect for human rights and social responsibility. This culture is reflected, among other things, in the Code of Responsible Business Conduct and the Code of Ethics, which forms the foundation of the ethical principles applicable to all employees and business partners.

Corporate culture is assessed at the Pekabex Group through:

- Regular employee satisfaction and engagement surveys, which also analyse aspects related to the perception of organisational values, work atmosphere and internal communication.
- Analysis of reports received through the internal whistleblowing channel, which allows for the identification of possible manifestations of unethical behaviour or non-compliance with the organisation's values.
- The results of internal and external audits in the areas of compliance, ethics, health and safety, and quality, which often also relate to compliance with internal organisational culture standards.
- Information obtained through dialogue with employees, including focus group surveys, particularly in the areas of working conditions, equal treatment and development opportunities.

The Group's Management Board is responsible for monitoring and promoting the organisational culture.
The Group does not have a formalised indicator for measuring organisational culture, but the data collected is used to formulate improvement measures, particularly in the areas of internal communication, strengthening ethical attitudes and promoting the Group's values.

The Pekabex Group provides its employees with access to information on the available internal channels for reporting irregularities and the rules governing their operation. This information is made available in the form of internal regulations and procedures available on the Group's intranet and website, onboarding presentations for new employees, internal communications – e-mails and information materials distributed periodically to employees, including on physical media (e.g. information posters in production plants, quarterly magazines). Furthermore, the persons responsible for receiving and processing reports have the relevant knowledge in this area.
The Group does not have any additional measures in place to protect members of its own workforce who are whistleblowers from retaliation, apart from the solutions resulting from the applicable provisions of law transposing Directive (EU) 2019/1937 of the European Parliament and of the Council.

The Pekabex Group is subject to legal requirements under national law transposing Directive (EU) 2019/1937 or equivalent legal requirements regarding the protection of whistleblowers. Furthermore, it does not have additional procedures for the prompt, independent and objective investigation of incidents related to business conduct, including cases of corruption and bribery, other than the whistleblower procedures resulting from the applicable provisions of law transposing Directive (EU) 2019/1937.

Due to the nature of its activities, the entity does not need to have an animal welfare policy.

The Group has a Training Procedure in place, on the basis of which an annual training plan is drawn up. It regulates the manner of reporting and implementing training in the Pekabex Group, with a distinction between individual job categories. It describes the stages of activities related to sending Employees for training, indicates the persons responsible for individual activities and methods of conduct. The procedure covers all employees/associates of the Pekabex Capital Group. The HR Department conducts an annual training needs assessment in consultation with managers. A preliminary assessment related to budget planning takes place at the end of the calendar year. These needs are then verified on the basis of a development interview between the employee and their supervisor. These needs are then verified on the basis of a development interview between the employee and their supervisor. In the area of business conduct, the Group organises the following training courses:

- Training on counteracting mobbing and discrimination.
- The Group organises periodic training on counteracting mobbing and discrimination, which aims to increase employee awareness of these phenomena and teach them how to recognise and respond to them.
- Cybersecurity training.
- The Group organises online cybersecurity training for all employees, during which the most important issues related to cybersecurity in the organisation are discussed, i.e. the most common threats, how to identify them and how to prevent them. The frequency of these training courses depends on the needs analysed by the IT Department. Cybersecurity training is also organised as part of the onboarding procedure for new employees.

11.1.2. G1-2 – Management of relationships with suppliers

The Pekabex Group identifies and monitors risks related to the supply chain, including potential risks related to quality, timeliness of deliveries and impact on social (human rights, labour law, health and safety) and environmental issues. In the case of material purchasing categories, the Group takes measures to mitigate risks, including by assessing material impacts, risks and opportunities related to sustainable development and operations, diversifying suppliers and analysing the countries of origin of raw materials and materials.

Suppliers are required to comply with the principles contained in the Pekabex Group's Code of Responsible Business Conduct, which includes references to respect for human rights, labour laws and fair trade principles.

The Pekabex Group successively takes social and environmental aspects into account in its purchasing processes. The assessment covers, among other things, the environmental management systems used by the supplier (e.g. ISO 14001), environmental product declarations (e.g. EPD), compliance with labour law, as well as the application of health and safety rules. As part of the Integrated Management System operating within the Group, in accordance with the ISO 9001 standard, a formal supplier assessment and qualification process is carried out. It includes, among other things, an analysis of the compliance of the supplied products with technical requirements, timeliness of supplies and quality of cooperation. This assessment is cyclical and may lead to corrective actions or decisions to terminate cooperation with suppliers who do not meet quality standards. The ISO 9001 standard covers such areas as:

- specifying the requirements for the products and services to be purchased (including the need for certain certifications);
- qualifying of suppliers;
- verification of the purchased product, service;
- handling of non-compliant deliveries.

In line with the Group's Integrated Management System, environmental, quality, and health and safety issues are taken into account in supplier relations.

The Pekabex Group pursues a responsible payment policy aimed at avoiding delays in fulfilling its obligations to its business partners, particularly small and medium-sized enterprises (SMEs). Payment terms are clearly defined in the commercial contracts and comply with the applicable law against excessive delays in commercial transactions. The Group also monitors the timeliness of payments and strives for continuous improvement. The Pekabex Group has an Outgoing Payment Acceptance Policy Procedure in place aimed at streamlining and optimising the Group's payment process, taking into account SMEs, by agreeing to extend authority in the acceptance process at management level. The Group is subject to additional restrictions in respect of settlements with SMEs under the Act on prevention of excessive delays in commercial transactions.

Approval for publication

The Management Report on the activities of the Pekabex S.A. Group and the Parent Company for 2024 was approved for publication by the Company's Management Board on 23 April 2025.

Full name	**Position**	**Signature**
Robert Jędrzejowski	President of the Management Board	
Beata Żaczek	Vice-President of the Management Board	
Tomasz Seremet	Vice-President of the Management Board	